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OF

MADHOWJEE DAMODHER THACKERSEY

# LIFE AND SPEECHES
OF
# SIR VITHALDAS THACKERSEY

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FOREWORD
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# FOREWORD

" I esteem it a privilege to be called upon to write a foreword to this biography not only because of my long and intimate friendship with Sir Vithaldas Thackersey, but also because his uncommon business ability, his rapid rise in public life and the high standard of industry, self-discipline and public duty which he set before himself deserve to be more widely known and better appreciated. There are lessons in his life-history worthy of record for their inspirational value to future generations of his countrymen. Sir Vithaldas' career as a leading business magnate, political thinker and social reformer, his activities and achievements as an industrialist, his contributions to public thought and policies in politics, finance, currency, banking and current business problems generally, his devotion to great causes and his princely gifts to educational and humanitarian institutions and objects cannot fail to produce an impression even on the casual reader. »

Sir Vithaldas Damodar Thackersey was born in 1873 and entered public life about the year 1897. Between the latter year and 1922 the year of his premature passing away, his active life brought him into contact with most of the public movements of his time. He won his spurs as a public worker by the ability and diligence with which he served as a member of the Bombay Municipal Corporation. That he was a Justice of the Peace in 1897 at the age of 24, a member of the Bombay Municipal Corporation in the following year, a member of the Provincial Legislature at 30, and received the honour of Knighthood at the age of 35 are a few of the events connected with his life which show that at the very start of his career he stood out from the crowd and gave promise of great public usefulness and distinction.

Young Vithaldas joined the Bombay Municipal Corporation as an elected member in 1898. His first success in that body was

the acceptance by the Corporation of a resolution moved by him asking for powers from Government to raise temporary loans in the open market instead of borrowing from banks at high rates of interest. His close participation and keen interest in all important questions which came up before that body earned for him the increasing approbation of his fellow members ; and he was elected Chairman of the Standing Committee for a year in 1904 and President of the Corporation in 1907. He retired in April 1908 on completing his term of office as President, and the Corporation on that occasion recorded its best thanks for the zeal, ability and courtesy with which he had conducted the duties of that high office.

In the year 1903, Government nominated Vithaldas who by that time had attained a prominent position in business and public life as a member of the Bombay Legislative Council. At the time of entering that Council, he boldly averred that a merchant was better qualified than most people to speak on economic questions and to advise Government in the shaping of industrial and commercial policies. In the course of the discussions, he drew attention to the handicaps to which Bombay's premier industry—the cotton textile industry—was then exposed by the high rate of exchange, the cotton excise duty and the danger of Japan ousting Indian piece-goods and yarn from the China market. He pleaded for the holding of annual exhibitions of local products, for an industrial survey and for more liberal expenditure on commercial and industrial education in the Bombay Presidency.

By 1908, Vithaldas had held various other public positions in Bombay city and risen high in public estimation and in recognition of his standing and qualifications, Government, in that year, appropriately conferred on him the honour of Knighthood.

His term of office as a nominated member of the Bombay Legislative Council was twice extended and it only terminated on his election to the newly reconstituted Imperial Legislative Council in 1909. As an elected member of the new Council, Sir

Vithaldas felt himself more free to express his views on public questions and accordingly took a leading part in the discussion of subjects of economic and financial interest. He expressed himself as opposed to the excise duty on Indian cotton piecegoods, which he declared was an anomaly without a parallel in any country, objected to the control of freight charges by managers of railways at their sole discretion and moved a resolution in March 1912 recommending that a substantial portion of the gold standard reserve should be held in India.

In September 1921, he entered the Indian Legislative Assembly—then newly reconstituted under the Montagu-Chelmsford Reforms as the representative of the Bombay Millowners' Association, but had to resign in July of the following year on account of failing health. His work in the Assembly even during this short period was marked by a statesmanlike breadth of view and courageous grasp of economic questions. In the course of the discussions he deprecated the increase in military expenditure, reiterated his objections to the excise duty on cotton goods, urged again the location of the gold standard reserve in India and opposed the imposition of a duty on silver. He moved a resolution recommending the purchase of stores in the cheapest market, and with reference to a proposal of the Government in 1922 to incur a capital expenditure of Rs. 150 crores on railways during the subsequent five years, he put in a forcible plea for the manufacture of locomotives, rolling stock and railway stores in India so that as much of the capital set apart as possible might be spent within the country.

At one time or another Sir Vithaldas held most of the important public positions ordinarily open to a non-official Indian of his day. He was President of the Indian Merchants' Chamber and Bureau, President of the Millowners' Association, Chairman of the Bombay Back Bay Scheme, and member of the Bombay Port Trust and of various other public institutions and bodies.

Sir Vithaldas owned four cotton mills in his own family.

One of them the "Crown Mill" which he newly purchased and developed proved highly remunerative. He started the Dwarka Cement Company in 1920 after his return from his world tour but his death in 1922 left that enterprise incomplete and unsuccessful. He also took the initiative in bringing into existence a large number of business concerns, like the Sardar Carbonic Gas Company, the Agricultural Implements Company and other similar undertakings.

As Chairman of the Bank of Baroda for some time, he helped to make that concern known beyond the limits of Western India. He gave valuable advice in connection with the founding of the Bank of Mysore. The Specie Bank failure in 1913, described at some length by the biographer, proved a source of personal distress to him. It made him unpopular in certain circles for a time but by his perseverance in business activities and sound conduct of enterprises entrusted to his care, public confidence automatically returned to him.

Sir Vithaldas took a leading part in the establishment of the Sydenham College of Commerce and Economics in Bombay. On the Co-operative Movement in Western India, he has left his personal impress. In company with his friend, Sir Lallubhai Samaldas, who has for many years been an acknowledged leader in this line of activity, Sir Vithaldas helped to establish the Bombay Central Co-operative Institute and the Bombay Provincial Co-operative Bank. His work in this connection was not only highly appreciated by Government, but also received popular approval by the erection of a building in Bombay city dedicated to his memory and known as the "Sir Vithaldas Thackersey Memorial Building."

Professor H. L. Kaji, the author of this biography, gives a list of business companies, boards and committees in whose work Sir Vithaldas participated either as Chairman, Director or Member. To many of these, his constructive abilities proved of great value and to some a tower of strength.

In March 1919, a small party of friends including Sir Vithaldas and Lady Thackersey, the late Mr. Mulraj Khatau, Dr. M. Mehta and the writer started on a tour round the world travelling from Bombay *via* Ceylon and Singapore. We spent three or four months in Japan and China, in the course of which Sir Vithaldas visited Tientsin and Peking. In Japan, we went round several industrial establishments. The Japanese Government gave us facilities to visit their model villages and the Indo-Jananese Association in Tokyo entertained the party at a public meeting under the chairmanship of the late Count (afterwards Prince) Okuma, the well-known Prime Minister of Japan. On reaching New York, Sir Vithaldas took ill and, thereafter, to our great regret, was unable to meet people or pursue personal investigations with the same zest that he had shown during the earlier part of the tour.

In the midst of his strenuous activities, Sir Vithaldas found it possible to devote a portion of his time and energy to various types of philanthropic and social work. He made liberal benefactions to a number of institutions and causes which laboured for the educational and social advancement of the people. The biggest of his endowments was Rs. 15 lakhs to the Indian Women's University of Poona, which now bears the name of his gifted mother, Shreemati Nathibai. He has given lesser sums freely to a number of other smaller objects and institutions. He often expressed to me his appreciation of, and admiration for the self-sacrificing labours of social workers like Mr. G. K. Devadhar of the Servants of India Society, Poona.

In this faithfully written biography, Prof. Kaji furnishes numerous details concerning Sir Vithaldas's family life, social duties and devotion shown to relations and friends. The chapters dealing with the views voiced by him on various practical economic questions of the day before the two legislative bodies of which he was a member form fascinating reading. The author, being an economist himself, writes with sympathy and understanding and

has done full justice to the views Sir Vithaldas held on the matters touched upon and the objects which he strove to achieve for his country.

The traditions of the Thackersey family for devotion to public causes and charity are worthily maintained by Sir Vithaldas's younger brother Mr. Madhavjee Damodar Thackersey and by Lady Premlila Vithaldas Thackersey. Shortly before his death, Sir Vithaldas reared a beautiful mansion in Poona on a picturesque spot on Yeravada Hill, on the left bank of the Mula-Mutha River. True to family predilections, this palatial mansion is partly used at present to maintain a free boarding school and home for girls and women at the cost of the family under the personal supervision of Lady Thackersey.

The rules of conduct recorded in the biography which Sir Vithaldas laid down for his personal guidance early in life and which he read every night before going to bed, and the notes kept by him of the qualities suggestive of a gentleman as a reminder to himself, afford a clue to his high sense of self-discipline and are worthy of imitation by young men on the threshold of their public career.

Sir Vithaldas had the gift of working in close harmony with persons holding views different from his own. This rather rare quality of mind made him a valued co-worker and trusted adviser to officials and non-officials alike. He always tried to overcome opposition more by argument and persuasion than by open challenge. That excellent friend and companion of his, the late Mr. Govindjee Madhavjee, once assured me that he never once saw Sir Vithaldas lose his temper. His career gains added significance from the circumstance that his active life was lived in spite of a series of personal afflictions.

As remarked by his biographer, Sir Vithaldas rose to prominence not as a politician but by his activities and achievements in the field of commerce and industry. In every sphere of activity, he was an independent thinker and worker. In private life, he

was ever hospitable, amiable and broad-minded and had an uncommon sweetness of manner which made him a loveable companion and friend. As a politician, he would in current phraseology be reckoned a liberal; as a business man, he was a progressive, with a firm grasp of current industrial and financial problems; in social matters, he was, if it may be so put, a reformer somewhat ahead of his time. He had a passion for public service and it is one of his claims to distinction that throughout his career, his concern for the poor and the distressed was very marked. He had big ideas, was prepared to incur large-scale risks and seldom hesitated to stake his own money to back his convictions. Able, enterprising, restless and gifted with a creative mind, he laboured as unceasingly and enthusiastically for public causes as he did for private benefit and crowded into his comparatively short life a vast amount of work and achievements. As a constructive thinker and worker and a daring organiser, Sir Vithaldas Thackersey must be reckoned as one of the biggest Indians of his time.

BANGALORE,
*August, 1934.*

M. VISVESVARAYA

# PREFACE

It was at a social gathering in March 1933 that an esteemed friend made the suggestion that I might undertake to place before the public a brief biographical account of the life of Sir Vithaldas Damodar Thackersey. The idea began to take shape gradually but the difficulties of the task soon began to confront me. It was more than ten years since Sir Vithaldas had passed away and the memories of the man—his masterful personality, his personal magnetism, his thoroughness and mastery of detail, his broad and catholic vision, his fervent patriotism restrained by an innate sense of moderation, his enthusiasm and energy, his many acts of magnificence—were all fading in the minds of the present generation. The cataclysmic political upheaval and the catastrophic economic depression had taken the people away from their moorings and a proper perspective and sense of proportion appeared to have been lost. The Montford Reforms ushered in an era of rapid changes; free trade was replaced by a system of protective tariffs, the idea of good government by the ideal of self-government, company management of Indian railways by State management and the slumber of ages of the masses by a considerable amount of disillusionment and awakening. It seemed therefore as if Sir Vithaldas, one of the outstanding figures in the public life of the country in the first decades of the century, had become a sort of a back number.

Again, the biographer does not see eye to eye with the subject of his biography and cannot hold identical views on all matters; and yet if he is to do his duty faithfully, he must hold back his own views and present those of his subject in their proper setting, so that the reader may not get a distorted image of the man, which a critical analysis and the intrusion of divergent views are bound to produce.

Besides, the biographer can best perform his task if he had known his man, worked with or under him and came within his orbit. I, however, had not that privilege. I did come near his orbit though in two matters but that was when he was ceasing to be actively interested in or associated with them and I was just getting in. He had sponsored the cause of higher commercial education and got the Sydenham College of Commerce and Economics established at Bombay in 1913 and was actively associated in the development of that institution for several years thereafter. I joined the College about three years after its start, but shortly after that Sir Vithaldas left for a world tour and on his return entered the Legislative Assembly so that there was not much occasion for any personal contact. The Co-operative Movement profoundly interested him as it interests me ; but he had practically finished his labours in that cause by bringing into existence the Bombay Provincial Co-operative Bank and the Bombay Provincial Co-operative Institute and launching his scheme of adult education through night schools by 1921, when I became actively associated in the working of the Movement as President of the City Institute and later on as Vice-President and Chairman of the Executive of the Provincial Institute.

But the lack of personal contact was largely made up by the numerous files and diaries maintained by Sir Vithaldas and carefully preserved by Lady Premlila which were placed at my disposal and by the courtesy of that lady who, through reminiscences and conversations with me in that beautiful palace of his, the Parnakuti, at Poona, created the necessary atmosphere which heartened me considerably in my task.

The life of a great man has indeed much to teach. Sir Vithaldas was born rich and great; he became richer and greater. His progress up the rungs of the ladder of success was rapid and yet steady. He did not possess a university degree and yet he was educated and well informed as few people are. He ceased to be a school or college student early enough and yet he was a keen

student throughout his life studying, with that unique attention to detail and thoroughness that characterized him, the problems that confronted the country. He was interested in the cotton textile industry and yet he developed interests in other industries too and fought for their furtherance. Gifted with the rare perception and insight granted but to few, he realised the need for industrial development not in one particular direction but in many, so that he fought no less for efficiency of transport and sufficiency of finance for commerce and industry than for the interests of his own industry. He knew how to make money but he also knew, which is more uncommon, how to spend money. He knew how to build up business connections, but he also knew how to form, develop and cement friendships. A busy public man, winning the respect and regards of friends and foes alike, he was no less one used to a quiet domestic life, winning and retaining the warm affections of his own family and relations. Several of the causes which engaged his attention have been won; in others the principles on which he based his agitation have been recognised; and if we could but cast off the glamour and the illusions which the events of the last few years have filled our minds with, we cannot but recognise that the country is still proceeding on much the same paths as were indicated by this great industrial leader, embarking on a policy of tariffs and trade agreements, introducing a fuller banking system, launching on the paths of rural reconstruction and village uplift, building up an efficient transport system and generally trying to push ahead ever more to attain its proper stature in the economic field among the nations of the world.

The more important of the speeches of Sir Vithaldas have been added to this volume in the hope that they would more faithfully portray the man and that they would still have considerable interest for the student of economics and of public life in India.

BOMBAY,
*12th August 1934.*

H. L. KAJI

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# Part I

# LIFE

# CHAPTER I

## EARLY LIFE AND EDUCATION

*The Bhatias. Sheth Thackersey Mooljee. Sheth Damodar Thackersey. The Textile Industry. Shreemati Nathibai. Beginnings of Education. Marriage. School career. College. Tutors. Death of father. Initiation into Business. The Plague. Justice of the Peace. Pilgrimages. Some personal traits.*

The Bhatias

On the 30th November 1873, was born Sir Vithaldas Damodar Thackersey, in a community famed for its outstanding eminence in industrial and mercantile pursuits and for its great contribution to the making of modern Bombay and in an illustrious family which was already making its mark in the community and the City. The Bhatia community to which Sir Vithaldas belonged is a small community found principally in Cutch and Kathiawar. These two peninsular projections of Western India and the alluvial coastal plains of Gujarat have been the breeding places of a spirit of adventure and enterprise, which reveals itself among the martial and fighting tribes as Romance and Chivalry so characteristic of the Rajputs and the Kathis there and among the other classes as shrewd intrepidity in the realms of industry and commerce. The barren and inhospitable lands of Cutch and Kathiawar and the unprogressive mediæval system of administration there spurred on the Bhatias to migrate to the neighbouring parts of British India, and we find members of this community scattered in many trade centres of the country. Large numbers of the community are thus found to-day in Sind and Bombay. The original home of the community

seems to have been in the Lahore and Multan Districts of the Punjab, where the Bhatias are seen even now in considerable numbers. From there they seem to have migrated also to Hardwar and the Tehri villages in the Himalayas.

The Bhatias are Vaishnavites of the Vallabhacharya sect from about the beginning of the sixteenth century. They worship Vishnu in the names of Ranchhodji and Shri Nathji, and though they hold Kashi (Benares), Prayag (Allahabad) and Mathura (Muttra) sacred like the rest of the Hindus, they hold Nathdwara in the Aravallis, near Udaipur and Dakore in the Valley of Godhra in the Panch Mahals in special esteem, and revere the Vaishnava Maharajas of Nathdwara, as descendants of the great religious teacher, Shree Vallabhacharya, the exponent of the Bhakti Marga—the Faith of Devotion—and as their spiritual gurus. They are strict vegetarians and are generally very conservative and orthodox in their social usages and customs, while being deeply religious and devotional.

In Cutch, the Bhatias are traders, bankers, shopkeepers and clerks in mercantile firms, though some of them are landowners too. They have settled in some numbers for business in the ports of the Persian Gulf and the Red Sea and in Zanzibar and to the East as far as Japan. The Bombay Bhatias are merchants, traders and brokers and they have achieved for themselves a position of considerable importance in the trade and industry of Bombay. They dominate the piece-goods trade; they are conspicuous in the Cotton Textile Industry and the Cotton Trade ; and they have produced men of outstanding ability within the last fifty years, like Morarji Goculdas, one of the pioneers in founding cotton mills in the City and upcountry in Sholapur, his son, Narottam Morarji, who led the way in providing the country with a Mercantile Marine, Damodar Thackersey, who followed with success the lead of Morarji Goculdas by establishing several cotton mills, and his son, Sir Vithaldas Damodar Thackersey, who added lustre to the community, won fame as a great industrialist and

financier and remained a great personality in the country during the first two decades of the twentieth century.

Sheth Thackersey Mooljee

The family of Sir Vithaldas belonged to the small town of Vervala near Dwarka in the extreme north-west of the Kathiawar Peninsula. The founder of the family, Adat Dayal was a small shopkeeper in that town, but the spirit of adventure and enterprise took him away to the Port of Muscat in Arabia with his two elder sons in 1784. The youngest son, Mooljee, however, remained at home in charge of the old family business; and of the two sons of this Mooljee, Mavji the elder was the grandfather of the well known scholar and art-collector, Sheth Purshottam Vishram Mavji; while the second son, Thackersey, was the grandfather of the subject of this biography, Vithaldas and the founder of the well known Thackersey family. He was born in 1807. The desire to push his way on in bigger fields, which sent his grandfather to Muscat, drove him to seek his fortunes in the rising emporium of industry and trade—Bombay, in 1825, where his business acumen and perseverance secured success. Starting as a broker to a European firm—Messrs Peter Kabali, and working with Mr. Manekji Nasserwanji Petit, he prospered so much so that in 1871, he founded his own firm, Messrs. Thackersey Mooljee & Co., with his four sons, Damodar, Govindji, Pragji and Narayandas. Sheth Thackersey took a leading part in the starting of the well known cloth market, the Mooljee Jetha Market in Sheikh Memon Street, and achieved position enough to be looked upon as one of the representative men of the Bombay Presidency.

Sheth Damodar Thackersey

The further success of the Thackersey family has been largely associated with Sheth Damodar and Sheth Govindji, father and uncle respectively of Sir Vithaldas. Sheth Damodar was born at Vervala on the 14th April 1847. He came with his father to Bombay and received some education at the Goculdas Tejpal Seminary

in Bombay. He joined his father's business at a very early age, but he devoted some time daily to acquiring a better knowledge of English and improving general knowledge. His All-India tour in 1865 broadened his outlook considerably and helped in his education, and in the liberalisation of his views.

The Textile Industry

On his return, he turned towards industrial concerns, for which the times were very favourable. The American Civil War and the disorganisation of the Cotton Trade gave an impetus to the starting of several factories for the spinning and weaving of cotton, and Damodar Sheth was not slow to seize the opportunity. He started in 1874 the Hindustan Spinning and Weaving Mills, which absorbed a few years later, the Thackersey Mooljee Mills, started in 1878. In 1880, he purchased the Manchester and Bombay Mills, which was reorganised completely and became the Western India Spinning and Manufacturing Co., Ltd. In 1882, the Indian Manufacturing Co. was started and ten years' later in 1892, the Hong-Kong Mill at Chinchpokli was added to the list of cotton mills under the management of Messrs. Thackersey Mooljee and Co. All these concerns represented a total capital of over 40 lakhs of rupees, had a lakh and quarter of spindles and 2,600 looms and gave employment to over 5,000 operatives. It speaks very much for the business aptitude, great energy and sterling character of Sheth Damodar that he should have been able to look after all these varied concerns and that too successfully. He was an active and respected member of the Bombay Millowners' Association and worked strenuously for the progress and development of the cotton mill industry in the city. He sought markets for the goods produced in his mills abroad and sent agents for the purpose to such distant countries as Egypt and Turkey. He fought hard against the dishonest practice, then current of stamping false measurements on Indian piece-goods and agitated actively in the Millowners' Association to put a stop to it. His efforts met with success, when Government took the matter up and passed in 1889 the India

Merchandise Marks Act, which made it a punishable offence to label or stamp falsely any goods as regards their origin, measurement or quality.

Ghee (clarified butter) is an important item in the food of the vegetarian Hindus and the practice of adulterating it with animal fat aroused his opposition so that he made a strong representation to Government for Anti-Adulteration Legislation signed by over 50,000 persons. This did not bear immediate fruit, the legislation asked for not materialising till several years later.

Sheth Damodar won for himself a position of considerable importance in the city, not only as an industrialist or a merchant prince, but also as a public spirited citizen. He was connected with several institutions, literary, political, and social. As a staunch Vaishnavite, we naturally find him the Honorary Treasurer of the Gow-Raksha or Cow Protection Society, an institution that also interests itself in the improvement of the breed of cattle, so important for an agricultural country like India. His position was recognised by Government when they nominated him a Justice of the Peace in 1876 at the early age of 29, and by the public, which elected him a few years later as a member of the Bombay Municipal Corporation in 1884, a position which he retained till his death in 1893. A few months before his death, the strength of his influence in the City was put to the test, when the unfortunate Hindu-Muslim riots of 1893 broke out in Bombay. Personal exhortations, distribution of leaflets and hand-bills and his hold on the mercantile community—all these played a great part in restoring communal harmony among the people of Bombay. He had very intimate relations with several of the Indian Princes of Gujarat and Kathiawar, and had many friends among the Europeans also. Towards the end of his life, he built for his residence a splendid and spacious bungalow—the Damodar Bhuvan—near the Mahalakshmi temple, which still is the chief Bombay residence of Sheth Madhowjee Damodar Thackersey and of Lady Premlila Vithaldas Thackersey.

Sheth Damodar married in 1860 Nathibai, the daughter of Sheth Dharmasinh Ratansinh of Khambhalia, near Jamnagar. Nathibai was a remarkable lady of unusual talent and vigour and her influence on the character and life of her son, Sir Vithaldas, was truly great. Her father, like so many other Bhatias, came over to Bombay to seek his fortune and succeeded in achieving a decent competence. The death of her only brother left Nathibai the heiress to her father's property, which she with characteristic generosity utilised for charitable purposes. The Thackersey family was a large joint Hindu family and it is no small tribute to this lady's tact and ability that she should have been able to win for herself the regard and esteem of the family and the community.

Shreemati Nathibai

Of such parents, as Sheth Damodar and Shreemati Nathibai, then, was born Sir Vithaldas on the 30th November 1873. The business ability, the spirit of enterprise and indefatigable energy of the father with the deep religiosity, firmness and vigour of the mother, left an impress on Vithaldas which so largely accounts for the development of his life and character, and for the remarkable success he attained so early in life in various spheres of his manifold activities. Vithaldas was the pet child of the family and the uncles, particularly Pragji, were the elderly companions and guides of his childhood, and helped much in the formation of the young child's character. Vithaldas joined a primary school in Bombay, where he learnt the three R's—reading, writing and arithmetic, as also some elements of book-keeping. He did not, however, study there for any length of time, for he had to accompany his parents to Khambhalia in the Jamnagar State, where they stayed for about two years, largely engaged in the arrangements and administration of the properties of Nathibai's father, Dharmasinh. It was during this stay that the "Dharmawada" was built and proper arrangements in connection therewith

Beginnings of Education

were made. The child Vithaldas was, therefore, put to school in Khambhalia during that period. To his school-mates, Vithaldas was a loveable young fellow, who loved to command and yet who loved to share with them, whatever small sums of money his parents allowed him as pocket money. He early developed his love of horses and had a passion for riding, and he was delighted when his father gave him a pony to ride on when he went to school at Khambhalia. The story goes that the Khambhalia school had morning hours from 6 a.m. and to encourage punctuality, the teacher promised a higher rank to those who came early. With his desire for leadership, young Vithaldas took the teacher at his word and rode out to school on his *tattoo* in the gloaming as early as 5 a.m. On his return to Bombay, Vithaldas seems to have joined some middle school, where he remained till his thirteenth year.

Marriage

According to the prevalent social practice, it was now time for Vithaldas to get married. With Europeans, fourteen is too tender an age for marriage; with Indians to-day, marriage is not thought of in any cultured family, till the boy is at least twenty. But, in those times, the higher up a family in the social scale, the earlier the marriage of the boy. The bride selected for Vithaldas was Bai Leelabai, a child of 12 years. She was the daughter of the well known millowner and pioneer in the textile industry, Sheth Morarji Goculdas. This marriage was celebrated with great pomp and eclat on both the sides on the 4th May 1887, and led to closer association between the two premier Bhatia houses—the families of Thackersey and Morarji Goculdas. The father being dead, the bride was given away by her elder brother Sheth Dharamsey Morarji, with whom and with whose younger brother Sheth Narottam Morarji, Sir Vithaldas continued to have very cordial relations.

School career

Marriage, however, did not interrupt Vithaldas' progress in education. He continued his school studies

in Standard IV in the Fort High School, and the reports of his Head Master bear testimony to his progress and the high rank he occupied in the several school standards. "He is decidedly the top-boy of his class," says the Head Master in one of his reports, "and gets the first prize. His progress is creditable and his regularity is exemplary." He lost one year because of the death of his aged grandfather, Sheth Thackersey in 1890. The old gentleman took the death of his son, Sheth Pragji, which occurred in May 1887, very much to heart, and passed away at the ripe age of 81, leaving a very large family to mourn his loss. Indeed the family founded by him had grown so large, the story goes, that he had, as it were, to take, in his old residence at Hanuman Gali, a sort of a roll-call and ascertain that all the people—children and adults—were in before he retired to bed. For his Matriculation, Vithaldas joined the Bharda New High School and he passed his Matriculation examination of the Bombay University creditably at the first attempt, in December 1891. His connection with the Bharda New High School was but for just one year, and the school itself was in its infancy, having just started under its joint principals Mr. J. D. Bharda and Mr. K. B. Marzban. The school has now grown into one of the best and largest High Schools in the city and in India and Sir Vithaldas always had pleasant memories and a sense of attachment for it in his later days. Vithaldas was thus an early and eminent old boy of the school. He presided at the Silver Jubilee celebrations of the school in 1916 and made a handsome donation to the Jubilee Fund, and again presided at the meeting that was convened in 1921 to commemorate Mr. Bharda's services to the cause of education and subscribed handsomely to the Memorial Fund.

College

On his passing the Matriculation Examination, Vithaldas after some hesitation made up his mind to continue his studies and joined the Elphinstone College at Bombay in January 1892.

The College had a brilliant staff, with the well remembered Mr. Oxenham as Principal, and Messrs. MacMillan, Peterson, Hawthornthwaite, and Muller as Professors. He does not seem to have been very regular in his attendance and studies at the College, the needs of his family business calling him urgently away from the student's desk to the counting till and the manager's sanctum. He remained thus but for one term only at College, and yet, the association with the learned professors left in him a desire for a much wider culture and more extensive knowledge and awakened in him the perception of the need and desirability of starting institutions for professional and vocational education, which during his short, though brilliant, life, he tried to meet with brain and money. At school, one is but a boy ; at College, the professors address the boys as gentlemen, not that the boy is transformed by the matriculation results into a man, much less a gentleman, but because, the making of a gentleman, the ultimate object of all education, is thus held forth constantly before him. This seems to have so impressed young Vithaldas that he seems to have scanned the dictionary to make out an alphabetical list of adjectives, suggestive of qualities a gentleman should possess, such as affable, agreeable, amiable, amicable, benevolent, benignant, bland, calm, charming, charitable, cheerful, civil, conciliating, considerate, cool, courteous, dispassionate, endearing, equable and even. The selection of these attributes of a gentleman by such a young and inexperienced college student is a very creditable one and shows what quality he sought to cultivate to become, as he did, not a gentleman merely but a gentle and a great man.

Tutors

Vithaldas left College thus in April 1892, but his education did not stop there. His real education, indeed, may be regarded as having commenced after he left College. Though he joined business soon after, and though his responsibilities soon increased, he realised in an ever increasing measure the need for more extensive studies and a wider knowledge, if he would

become a public and a prominent citizen. Mere experience and success in business were not enough and he lost no time in engaging the services of qualified tutors to guide him in his thirst for knowledge. Mr. K. G. Deshpande was the first tutor engaged by him with whom he read English literature. Mr. Deshpande, however, was a young man, with his spurs yet to win and he left shortly for England for study at the Bar. He rose, subsequently, in the service of the Baroda State, to be the Suba (Collector) of a District. His next tutor was Profossor D. G. Padhye, who had attained distinction in History, Economics and Philosophy. He had acted as Professor of History and Economics at the Elphinstone College for some time and was appointed Principal of the Goculdas Tejpal High School in 1895. Mr. Padhye proved a capable teacher and guide and Vithaldas made very creditable progress under him. Vithaldas had to train and equip himself for the highest type of civic life, for the role of the cultured and accomplished leader of men, of a true friend of the people and candid critic of government, of a patriot of high aims and elevated character. A varied course of conversations, a judicious selection of readings in English literature and exercises in English composition were arranged to secure a full command over the English language, while sociological studies were stressed as being of prime importance for a merchant and millowner. Mr. Padhye expounded the theory of Economics, to the discussion of which Vithaldas brought the concrete facts of the subject. "To the practical lessons, his father had given him," Mr. Padhye tells us in his reminiscences, "he had added no mean wisdom, learnt of actual practice and experience, and our discussions were interesting and earnest, sometimes even hot but always instructive and elevating." The relations of the teacher and the taught between Vithaldas and Mr. Padhye continued for about two years, but the associations of the period, strengthened by Mr. Padhye's subsequent acting as tutor to Vithaldas' younger brother, Sheth Madhowjee, ripened into a lifelong friendship.

Mr. Padhye was too much active to confine himself to the work of the class room in the important school, over whose destinies he presided. He rose to be a member of the Bombay Municipal Corporation, a Fellow of the Bombay University and a prominent citizen of Bombay, editing a journal the *Indu Prakash*, with conspicuous ability. He was an ardent follower of Sir Pherozeshah Mehta and an adherent of the Indian National Congress. He, in later life, became the Secretary of the Municipal Schools Committee and his services and eminence were acknowledged by Government, who conferred on him the title of 'Rao Bahadur", in 1922 and nominated him as a Justice of the Peace in the following year.

Mr. James Macdonald was Sir Vithaldas' third tutor. He was then Principal of the European Boys' High School of the Bombay Scottish Education Society, and was well advanced in age, being at that time about 60. He had great experience of public life in Bombay, having been member and later on, president of the Bombay Municipal Corporation and as such proved a very capable guide to Vithaldas in acquiring the technique of public speaking and public conduct, when a short speech would be sweet, when a long speech would suit the dignity of the occasion, and in knowing correct manners, etiquette and behaviour in relation to the European officials, with whom one was bound to come into contact in public life. Mr. Macdonald read with Vithaldas standard works like Sir John Lubbock's Use of Life, Pleasures of Life and Smile's Character, well known English journals and periodicals of repute, reports of Government and public bodies, of Legislative Council debates, of proceedings of the meetings of the Corporation, annual reports of the Financial Department, and accounts of the work done in public institutions in England. Sir Vithaldas also used to write out speeches, proposed to make, in the Municipality and public meetings even rehearsed them, Mr. Macdonald correcting them and adding about correct gesticulation, pronunciation and mannerisms,

The daily evening walks with his tutor in the Victoria Gardens were very fruitful in this that they afforded a valuable opportunity to indulge in frank discussions on the current questions of the day. Association with Mr. Padhye gave Vithaldas an opportunity to increase his knowledge generally and in economic subjects more particularly, while the association with Mr. Macdonald was of particular value in educating him and fitting him for a public career, which it was Vithaldas' ambition to carve out for himself. Mr. Macdonald was an old and respected European resident of Bombay, in touch with the leading European officials and business men in the City and was, therefore, in a position to introduce his pupil to a much wider circle of prominent persons than would have been otherwise possible. Vithaldas never forgot the obligations he lay under to this nice old gentleman and maintained very friendly relations with him and his family. When he retired in 1902, the British Scottish Education Society gave him a pension of Rs. 250 per mensem. Adverse financial circumstances, however, made it impossible, for the society to continue the pension from its own funds and it circulated an appeal for the Macdonald Pension Fund. It is interesting to note that Sir Vithaldas interested himself whole-heartedly in the cause and while subscribing very handsomely himself, collected a large sum for his old tutor, securing subscriptions from exalted persons like Lord Northcote, Lord Sandhurst, Lord Reay, the Sassoons and H. H. the Aga Khan. The affection and esteem in which he held Mr. Macdonald stand revealed in his letter to Mrs. Macdonald on the eve of his starting on a world tour in 1919, where he state that "It will give me the greatest pleasure of my life to agai meet Mr. Macdonald—my *guru*." It may be noted that though S Vithaldas' stay in England was not a happy one, due to sev illness, he spared one whole day and spent it with Lady Prem at the house of the venerable Mr. Macdonald, indulging doubt in sweet reminiscences and fond memories of the past.

Soon after Vithaldas left College in April 1893, his fa

Death of Father

Sheth Damodar had an attack of fever, which took a serious turn, and he died on the 31st October at the early age of 46. His death was widely mourned and his funeral was attended by over 5,000 persons, of all castes and creeds and all the most important papers in the country referred to his death as a great national loss. "Except perhaps the late Hon. Mr. Morarji Goculdas, no member of the Bhatia community," remarked a Bombay paper rightly in an obituary notice, "had of late years acquired such a conspicuous position in the civic life of Bombay as Mr. Damodar Thackersey." There was no doubt whatever that Sheth Damodar had in his short life achieved great things, in trade and industry, and had raised the Thackersey family to a high position of affluence and influence in the city and the country. Genial and kindly, he was very popular with all classes of people and his purse was ever ready to help the distressed and the suffering. It may be truly said that charity was a religion with him. Sheth Damodar left behind him his widow, Bai Nathibai, two sons Vithaldas and Madhowjee, a daughter Gomabai and his two brothers, Govindji and Narayandas, who were associated with him in the management of his business. Sheth Govindji was a man of considerable public spirit and a shrewd man of business, so that Vithaldas had the comfort of having two such persons as uncle Govindji and mother Nathibai to guide him and assist him by their sage counsel and advice. The second uncle Mr. Narayandas was throughout associated with Vithaldas in the management of the firm and survived him.

tion into business

The death of Sheth Damodar threw the responsibilities of the family and the firm on Vithaldas' shoulders at the very early age of 20. The work of initiation into business had already been taken in hand by Sheth Damodar during his lifetime, when Vithaldas was still at College, in 1892. He was attending the office of the firm every day and was visiting

the mills with his elders. But now, though his education was still imperfect and though he was busy with his tutors, he had to assume responsibilities of the head of the family and the business of the family firm. And this he did cheerfully and manfully and achieved conspicuous success. "All this was", his tutor Mr. Padhye observes, "the result of deliberate effort, a prearranged plan of life and a steady pursuit of aims and objects, sketched out at its very threshold and tenaciously adhered to, right upto the end."

The Plague.

The closing years of the last century were dismal ones for Bombay. The bubonic plague broke out in a virulent form towards the end of 1896; the disease was absolutely new to the country and the method of coping with the dread scourge was unknown. Several experiments for the prevention and cure of this epidemic were tried, though often the results were worse than the plague itself. The relief operations in Bombay, however, were in the hands of a wise and considerate officer, General Gatacre, who won the co-operation of the citizens by his tact and sympathy. Among those who undertook the work of assisting the plague authorities in an honorary and voluntary capacity, none was more zealous and active than uncle Govindji. He opened a a special plague hospital for the Bhatia community and collected a large fund for their relief. Regardless of the personal danger of infection, Govindji moved about very actively, arranging for th supply of medicine to the plague-stricken, for the removal of t difficulties of the stringent quarantine system, then introduced, giving facilities to the Bhatia passengers at the chief quaran stations at Anand and Wadhwan and in fact for all t that tended to lessen the discomforts of an extremely unpl time to members of his community. This work b Govindji in personal touch with General Gatacre. The Mahajan, in grateful appreciation of this officer's servic sented him with an address on the eve of his depart

19th July 1897, where they also presented an address to Sheth Govindji, eulogising his selfless devotion to the welfare of the community in those bad times. A Young Vithaldas was chosen to read out the address to the General, and in doing so, he prefaced it with a short introductory speech. This was his first public speech and has therefore some interest for us. In the course of this speech, he said "Stringent and drastic methods had to be applied, and labours of the most arduous kind were absolutely necessary. You proved fully equal to the occasion. You managed the entire business with such zeal, courtesy and considerateness that the terrors we, orientals, naturally and truly feel in isolation disappeared and even segregation became popular—almost the fashion of the day. It was really very kind of you to allow every sect and community to establish its own hospital and to give every assistance in your power to make it a success. You saw the wisdom of respecting the religious prejudices and the social feelings of the people and of equipping the public and private hospitals with as many comforts and conveniences as human ingenuity could devise. Segregation and isolation were distasteful to us so long as they meant being snatched away from friend and relation—almost from the world—and being confined with people of all kinds under the dismal and exposed sheds of a poorly equipped public hospital. Specially welcome was, therefore, the concession you gave to the relations of the sick to accompany him, to nurse him and to give that solace of having his kith and kin near which every dying man so dearly longs for. It is now easy to sneer at what is called unnecessarily lavish expenditure but let us not forget that it was this lavish expenditure which made for success of what was once thought impossible." This speech was well received and created a favourable impression upon the officials and business men, both European and Indian.

Vithaldas had already begun to study industrial problems with care and in detail and felt acutely the injustice of the countervail-

ing excise duties imposed on the cotton goods produced by Indian Mills. He contributed a thoughtful pamphlet on the Bombay Mills as early as 1894, in which he made various useful suggestions to the millowners for the improvement of the great textile industry of Bombay. He was also associated with the Committee for Harbour Inspection appointed by the Bombay Port Trust, as a representative of an important commercial house.

Justice of the Peace

Vithaldas had made good his foothold in the public life of Bombay by now and Government recognised this by nominating him as a Justice of the Peace for the City of Bombay on the 25th July 1897. It is interesting to note that Vithaldas attained this distinction at the very early age of 24. It is true that the honour was not new in his family. Sheth Damodar was a J. P. and so was Sheth Govindji. Later on, also, the family continues to receive the honour. Vithaldas' younger brother, Sheth Madhowjee, is a Justice of the Peace. His cousins Sheth Purshottam Vishram Mavji and Sheth Hansraj Pragji were J. Ps; and recently, when even ladies are admitted as Justices, Bai Motibai, the wife of Madhowjee Sheth, got the distinction of being the first Bhatia lady J. P. in the city of Bombay. The distinction of the J. P-ship was in those times valued more by the people than now and there used to be as great competition among aspirants for this honour as in elections to the Municipal Corporation and the Legislatures. The nomination of Vithaldas as a Justice of the Peace, therefore, was a great honour, particularly as it was bestowed on him at a very early age. Indeed, no younger J. P. has been even now known in Bombay. This was then the first step of the ladder of fame and distinction that Vithaldas climbed on his road to a public career. Addresses and congratulatory meetings were held in several places and several friends saw in this early distinction the beginnings of a career of considerable promise.

Pilgrimages in ancient India have been held as very necessary

—almost essential—not only for the spiritual welfare of the individual, but also for his material well-being and uplift. It served much the same purpose as a European tour for the completion of a young Englishman's education. The four places, held as most sacred, seem also to have been selected from the point of view of an educative value rather than of spiritual significance. Dwarka on the extreme west of India, Jagannath Puri on the extreme east, Rameshwaram in the extreme south, and Hardwar, Badrinath and Kedarnath in the extreme north, in the Himalayas seem more to have a geographical significance, while Kashi or Benares, the centre of the fertile plain of the mighty Ganges, Prayag or Allahabad at the confluence of the Ganges and the Jumna, separating the wheat from the rice lands of the plain, and Mathura or Muttra, the centre of the pastoral and cattle rearing region separating the plain of the Ganges from that of the Indus, also lend colour to the selection of representative places in India as sacred holy places. To-day, the places have lost their educative character, and Bombay, Calcutta, Madras and Delhi have taken their places as the four cardinal places, which should be included in an educative tour of the sub-continent of India. And, indeed, pilgrims, avowedly setting forth for the holy places do as a matter of fact include in their tour programme a visit to the modern cities as well. No one can doubt the immense value to a young mind of such a tour, and Vithaldas early in life made two such pilgrimages. In 1894, a year after his father's death, Vithaldas took his revered mother Nathibai on a pilgrimage to Gokul and Mathura so closely associated with the early life of Shree Krishna. Yamadwitiya, the 2nd day of the bright half of the month of Kartika, falling early in November, is a day specially consecrated to the river Jumna, so much so that a bath in the early morning hours of that day in the river is specially meritorious. Whatever may be the spiritual value of the bath, there is no doubt that the assemblage of thousands of devotees on the narrow pavement of the Vishram Ghat on the

Pilgrimages

river, all filled with religious zeal and fervour from three in the morning till about eight is a sight worth seeing. From Muttra, Vithaldas paid a visit to Delhi, which was not then the Imperial Capital, but a city of importance as a trade centre and with historic associations and Agra with its incomparable Taj. He also visited Lahore and on his way back looked in at Jaipur, the home of artistic industries, of beauty and elegance. The following year, he visited Pandharpur in Maharashtra, sacred to the worship of Shree Krishna under the name of Shree Vithalnathji or Vithoba. In the absence of modern conveniences of transport and lodging, these pilgrimages must have entailed a great many hardships, but the desire to gratify the deep religious longings of his mother and his own desire to travel and see places, men and things, spurred him on. In October of the same year, Vithaldas toured round Gujarat and visited Siddhapur, its ancient capital. There, as in other places, he did not content himself with worshipping at the shrines, but visited schools, attended philosophic discourses, established cordial relations with the leading officials and gentry, made suitable donations and gave presents to students, sadhus and deserving institutions. Thence, he visited Ajmere, the capital of Rajputana, near which is the well-known holy place, Pushkarji and one of the only three shrines of Brahma, the first deity of the Hindu Trinity, in India. November saw him at Prabhas Patan near Verawal, the southern port of the Kathiawar Peninsula for the worship of Somnath Mahadev, the riches of which shrine tempted the cupidity of that great idol-breaker, Mahmud of Gazni about nine centuries back. The end of 1897 saw him with family at Chandod on the Nerbudda, which for its sacredness and good climate proved very agreeable both to Vithaldas and his mother. Besides, there was plague in Bombay early from next year and a change of residence was desirable from that point of view also. Further, his wife, Leelabai, had been ailing for sometime past and would, it was thought, gain much from a change of place and air. The little town of Chandod was thus fixed upon for the residence

of the family for several months, and Vithaldas seems to have passed some of his most happy months in life there in the company of his wife and mother, and free for the time being from the cares and worries of business. Chandod is partly under the jurisdiction of H. H. the Maharaja Gaekwar and partly of a petty chief the Mandwa Durbar. From thence he paid a flying visit to Baroda on the occasion of the visit to that city of H. E. the Viceroy and established relations with the Maharaja Saheb and other members of the ruling family as also with the leading officers of the State, which remained cordial throughout his life. He was so charmed with the good and simple folk at Chandod and felt himself so happy there that he decided to make a small return to the town by founding a Sanskrit Pathshala there in the name of his father, Sheth Damodar.

The later part of 1896 and the greater part of 1897 saw Vithaldas busy at Bombay. But towards the end of October he found time for another and more extended tour. Accompanied among others by his intimate friend and close companion, Mr. Govindji Madhavji, Vithaldas went to Jubblepore to see the marble rocks there, whence, he went to Allahabad and Kashi. Thence, he went to Gaya, a place specially sacred for offering libations to the manes of deceased ancestors and where Bhagwan Buddha first saw Light. A few days at Calcutta, and visits on the way back to Cawnpore and Agra completed this tour, which was more intended to be educative than religious. His early travels next took him to Khambhalia to a visit to his sister, Gomabai, who was not keeping well for some time. Khambhalia was a centre of the Bhatia community and had pleasant associations with the Thackerseys, since Sheth Damodar and Shreemati Nathibai stayed there with the child Vithaldas for the building of the Dharmawada about 20 years back. The child Vithal of those times had now grown to manhood and had achieved distinction by being nominated as a Justice of the Peace and by his election as a member of the Bombay Municipal Corporation. The Khambhalia Bhatias, therefore,

gave an address to Vithaldas, in token of their appreciation and satisfaction, in reply to which he made a characteristically important speech, reviewing the position of the community and suggesting the lines on which future advance should be based. These early travels in India served a very useful purpose in completing the education of Vithaldas and giving him a breadth of vision and liberality of views, and establishing contact with men and places, which stood him in good stead in later life.

Some personal traits.

Here closes the early life and education of the subject of this biography, who now enters upon the second phase of his active and busy life, with his entry into that august body, that arena of civic politics, the Bombay Municipal Corporation. It would be well, however, if we note before we pass on to this second stage in his career, some outstanding traits in the character of Vithaldas as they had developed and as he had cultivated.

Punctuality and regularity were strong characteristics that he developed early in life. He made a careful note of his numerous engagements, public and private, in his diary, which he meticulously maintained and he was particular to fulfil them with a regularity that was often astounding. Later, when he had to attend several meetings of the Board of Directors of companies which he had himself been instrumental in starting or in which he was interested, he was late one day and so unusual was this that the manager of the company immediately 'phoned to his office to ascertain what had happened. It was then discovered that his personal clerk had in some unaccountable manner put down the wrong time for the meeting. His daily routine of life also shows his intense desire to be regular and careful. He was an early riser, getting up generally at about 5 in the morning. Finishing his morning toilet, he took out his diary and scanned the various entries about the engagements for the day. It was after this that he came down for his morning tea and light breakfast, after which he went out, often with Lady Premlila, for a ride. He was fond of horses and liked

a daily ride very much. He returned from this ride at about 9 and went to his several mills for supervision and inspection. This took him about 3 hours, so that he returned at about 12 noon. After lunch, he went to his office in the Fort where his heavy correspondence and his numerous meetings of the Boards of Directors, of the Municipal Corporation or of other public bodies kept him at high pressure mark till 7 in the evening. An hour or so at his club and he returned home at about 8 for dinner. Dinner was usually followed by music, chiefly devotional and religious-Bhajans, so that he retired after a strenuous day's work at 10.

A close application to his business and attention to details governed his daily work. He never rushed through work superficially; he studied carefully the subject, and for the purpose ordered out the available literature before committing himself to any definite views or lines of action. He was deeply religious and recognised the hand of God in shaping human actions and deeds. His daily devotions, his pilgrimages, his correspondence, all breathe a deep religious tone, which recognised that while it was for man to make efforts, it was for Him to make them successful, and that human endeavour was the condition precedent to divine favour.

Vithaldas was a very affectionate person, and formed attachments that were deep-rooted and permanent. His attachment for his mother and his affectionate solicitude for his younger brother Sheth Madhowjee were remarkable, and so was the close and intimate friendship he maintained with Govindji Madhavji. The Thackerseys have been known for the respect they always paid to their elders and Vithaldas always made it a rule to ask for his mother's blessings before he retired for the night. We are told that so religiously did Vithaldas perform this daily ceremony that on one occasion, when inadvertently he forgot to do it, he got up at midnight and knocked the old lady up at that late hour to seek her blessings. The lesson of 'noblesse oblige' was ingrained in him from early childhood and he never failed to recognise that

wealth and position imply duties and obligations no less than rights and privileges. His hand was ever extended to the distressed, his purse was always open for any good cause and his charities and philanthropy have always been commensurate with, perhaps more than, his means.

A striking point in Vithaldas' character seems to have been that he never drifted in life, but pursued a carefully chalked out programme, which he tenaciously adhered and worked up to. Some are born great, we are told, some have greatness thrust upon them, and some achieve greatness. Vithaldas comes partly under the first category, no doubt, since his father had already raised the family to a position of wealth and honour, but he more correctly belongs to the third category of people who achieve greatness themselves. A careful study not at school or college, but with carefully selected tutors at home, a careful preparation for a public career, a carefully arranged programme of proceeding from one step to another, a persistence in finding out ways and means to achieve success in the different stages of this programme, are evidences that Vithaldas did not drift into greatness, but swam toward it with steadfastness and with a purposeful will. He worked indeed so hard, that his friends often raised a protest. Mr. Pendlebury, for many years the Agent of the Nizam's State Railways, and a great friend of his father, asked him why he should work and slave, now that he had wealth. "Enjoy in a quiet and moral way what God has given. It is different with me, for I have nothing but what I earn and my wife and children must be provided for." Such advice, we can easily understand, was bound to fall on deaf ears. A good insight into Vithaldas' character is obtained from a note in his diary, which was meant to be read by him every day, throwing light on his aspirations, ideals and methods. The note lays down 29 points or rules of conduct and reads as follows:—

1. Remember the Creator.
2. What good or bad work done the previous day?

3. Make out the Programme for the day.
4. Appointments during the day.
5. Honour the elders and superiors.
6. Consult others, but have your own judgment.
7. Never speak more than necessary, lest you disclose secrets.
8. Command strict obedience.
9. Count ten before you give way to anger.
10. Never lose opportunity.
11. Everything comes to him who waits.
12. Be kind, but never weak.
13. Try and practise self-restraint at least twice a week.
14. Never enter into quarrel, but once entered, show fully your stuff, that you are not easily to be tampered or played with.
15. Always endeavour to know your own faults, for knowing is half-improving.
16. Try to imitate the good that is in others.
17. Collect all important prints in the journals and newspapers.
18. Think out, write down and compare on paper both sides of the question, before taking final action, always giving more weight to the adverse side.
19. Always keep a written memo and never trust to memory only.
20. Write the Diary.
21. Regular attendance at the Mills.
22. Regular attendance at Office.
23. Examine the accounts at home.
24. Examine the accounts at shop and private.
25. Always keep the accounts of all Dharmada's ready.
26. Supervise the home-work.
27. Collect all your speeches.
28. Write your biography.
29. Keep your expenses below your income.

## CHAPTER II

### IN THE BOMBAY MUNICIPAL CORPORATION

*Municipal election. Short period loans. The Bombay Tramways Co. Housing and the City Improvement Trust. Death of wife. Standing Committee. Nomination to the Bombay Legislative Council. Spraying petroleum on roads. Chairman of the Standing Committee. Sir Pherozshah Mehta. The Indian Standard Time controversy. The caucus against Sir Pherozshah. President of the Corporation. Police charges. Over-bridges. Medical relief. Electric Tram Service. Sir George Sydenham Clarke.*

Municipal Election.

The nomination of Vithaldas as a Justice of the Peace in July 1897 led to an anticipation among his friends and well-wishers that the time was not distant for him to enter into the public life of the City by getting into the Municipal Corporation. Vithaldas made up his mind soon after to stand for a seat in the Corporation from C Ward (Bhuleshwar) in the elections to take place in January, 1898, and for that purpose began active canvassing for votes among the rate payers in that Ward as early as August 1897. Circulars were posted, house to house visits were paid and the work was done in a thorough manner, so characteristic of the man. He was assisted by a large number of friends, who were familiar with this type of work in the days of his father, Sheth Damodar, who was a member of the Corporation for several years as also particularly by his friend Mr. Govindji Madhavji. The elections were fixed for the 17th January and there were ten candidates from the C. Ward. Competition was therefore naturally

keen and from the morning of the fateful day, carriages private and hired, bearing placards with the candidate's names and symbols were dashing this way and that, fetching solicitously voters from their homes to the polling booths where they were very courteously received with smiles by the candidates and served with refreshments but seldom taking them back from there to their homes or offices. Hopes were raised when voters came along for them; hopes were dashed to the ground when they came along for their rivals and more so when they came in their carriages and voted for the rivals. The election day suspense is a great strain and it was a glad relief, when at the end of the day, it was announced that Vithaldas topped the poll with 2,165 votes. His success was received with congratulations, meetings and addresses and made Vithaldas realise that success meant for a seriously-minded person like him, no cause for jubilation but added cares and responsibilities. He made his maiden speech in the Corporation on the 20th June; it was short but was well received. The late Dr. A. G. Viegas characterised it as "practical, full of common sense and convincing arguments based on facts". He very rapidly rose in influence in the Corporation and his support was eagerly sought by veterans like Sir Dinshah Wacha, Sir Bhalchandra Bhatvadekar, and Sir Ibrahim Rahimtoola. Mr. (now Sir) Chimanlal H. Setalvad was standing for election in the vacancy created by the death of Dr. Bahadurji in the representation of the Bhuleshwar Ward in the Corporation and Mr. (now Sir) D. Wacha wrote to Vithaldas, soliciting his support: "You and your uncle Govindji have much influence in that Ward. You know Chimanlal was once a member of the Corporation and did good service, and as such he is in every way deserving of your support." At about that time, to deal with the problems of overcrowding, defective ventilation and sanitation and unhealthy housing, a new body was set up by Government—the Bombay City Improvement Trust, which to-day has been merged again in the Corporation, after a useful existence of more than 30

years, though one cannot see how the need then felt of a separate institution has disappeared now. Some parts of the city may have been improved but the slums, a disgrace to the Queen of the East, do persist and no effective solution has yet been found for Bombay's housing problem, at least so far as the lower middle and working classes are concerned. Four representatives of the Corporation on the Trust had to be elected and brisk canvassing was going on. The bonds of a common community, common occupation, and personal friendship were exploited to the full and Mr. (now Sir) Ibrahim Rahimtoola, sought Vithaldas' support, pleading that he was the only Mahomedan candidate and that fairness to his community demanded that he should be supported. Vithaldas was not a communal man; he was cosmopolitan in his ideas and friendships; indeed the communal virus had not then so infected the public life of the country as at present, and Vithaldas voted for Sir Bhalchandra Krishna, Sir Dinshah Wacha, Sir Ibrahim Rahimtoola and Dr. Viegas, as representing the four principal communities of Bombay.

Short period loans.

In November of the same year, an important question was engaging the attention of the Corporation. The Corporation sometimes needed loans for a short period which it usually obtained from banks like the National Bank of India, at a very high rate of interest. Vithaldas felt that that was an unnecessary handicap to the Corporation, which had sufficient credit to borrow, from the public, short period loans at a much lower rate of interest. He accordingly moved a resolution asking for powers from Government for the Corporation to raise temporary loans in the open market. His speech in support of the resolution was a very good one and revealed that he was well on his way to being one of the city financiers. He detailed what was being done in similar situations by the London County Council, drew a distinction between permanent loans and temporary loans and the factors governing the successful floatation

of these, explained clearly how the issue of unredeemable loans by the Municipality would greatly facilitate municipal finance, and how the sinking fund set apart to repay these loans could be utilised for some urgent needs of a temporary character. He further showed that that power would prevent the necessity for the Corporation having to provide for large accumulation of cash. The resolution was supported strongly by Mr. Wacha and was carried; and the Bombay papers acclaimed the resolution and saw in the mover "an active and business-like councillor". The President of the Corporation, Mr. Ibrahim Rahimtoola wrote to Vithaldas a warm letter of congratulation, which shows clearly the opinion formed of his work very early during his membership of the Corporation by one who was peculiarly fitted to judge of it. The letter stated:

> "I must congratulate you on your speech in submitting your motion to the Corporation at the last meeting. It was a capital speech. You brought out your points so clearly and lucidly that quite an impression was created on the minds of the councillors.
>
> At one time I was opposed to the motion as I did not know what specific period you proposed the temporary loans to run for. You had used the words 'short-term loans' which might mean a couple of months or longer. Besides, it was not clear whether you proposed to accept short-period loans in small amounts on the basis the Mill-Companies borrow money on, because such a course would be quite impracticable for the Corporation. I was pleased to find that in your speech you had anticipated both these points and submitted a practical solution of that difficulty. I trust, the matter will receive careful consideration at the hands of the Commissioner and the Standing Committee. I hope, you will continue to take an active interest in Local Self-Government and give the Corporation the benefit of your knowledge and experience more frequently."

The Bombay Tramways Company.

In the Municipal Corporation, Vithaldas' influence was rapidly growing and he brought forward another resolution for the purchase by the Municipality of the Bombay Tramways Co.

He recognised that a public utility service like the Tramways being in the nature of a monopoly should be run by the Municipality itself in the interests of the rate payers. He failed to get support however for his resolution but succeeded in preventing an extension of the lease for 14 years, so that the contract was entered into at last with a new company resulting in the saving of lakhs of rupees to the Municipality.

Housing and the City Improvement Trust.

The year 1899 was an eventful year in the history of India. The plague continued its ravages and the monsoon had failed causing a widespread and disastrous famine, and it was inevitable that a young man of Vithaldas' energy and capacity should feel obliged to take a prominent part in the public activities of the time. The plague authorities were adopting stringent measures to cope with the situation but the public did not often understand the importance and efficacy of these measures and a great deal of bitterness and misunderstanding was the result. It was suggested in this connection that before any strong steps were taken in the matter of unhealthy houses by the plague authorities, a survey should be undertaken of the unhealthy localities. Vithaldas, while admitting the hardships to the owners of such houses and the tenants residing therein, could not accept the idea of waiting for a survey before taking the proper measures which aimed at stamping out the dire scourge of plague from their midst. He suggested instead that suitable leaflets and handbills be prepared explaining the need for cleanliness, for vacating infected houses and disinfecting them, for the segregation of patients, and for giving information to the authorities of attacks, and that these should be freely circulated, so that the coordination of the voluntary action of the people with the measures taken by the authorities would result in harmony and greater efficiency.

The Corporation was then considering what improvements and repairs were necessary and possible from the point of view of health and sanitation and had appointed for the purpose a sub-com-

mittee of which Vithaldas was a member. The report of this sub-committee, which was largely drafted by Vithaldas rejected the idea that the repairs should be carried under municipal supervision and that the amount spent should be regarded as a loan advanced to the landlord. It advocated that in the interests of economy and minimising the burden on poorer landlords, the repairs should be carried out by the landlord under his own direct supervision, and that the amount spent on the repairs should be advanced by the Municipality as a loan, at a rate of interest slightly higher than the market rate provided that the loan did not exceed Rs. 2,000 or three-fourths of the value of the land, whichever was less, and was made repayable in five years by equated instalments.

The City Improvement Trust had formulated four different schemes for road improvement in the city which were referred by the Corporation to a sub-committee on the 12th January 1899. Prof. Muller made a very thoughtful speech on the report of this sub-committee, asking Government to supply them with the correct estimates of the expenditure and with the basis for arriving at those estimates. The financial responsibilities for the activities of the Trust being ultimately with the Corporation, no steps could be approved by them unless the economic basis of the scheme could be examined and found satisfactory. Before the reply of Government to this was received, the Trust supplied a statement, giving the information wanted by the Corporation as suggested by Prof. Muller. But Vithaldas saw no reason for any undue hurry and though he admitted that the figures supplied in the statement would be very useful indeed and that none, not even the Trust, was in a better position to calculate the approximate cost than they were, he advised that they must wait for the reply from Government.

Vithaldas was rising steadily in esteem as a member of the Corporation, was taking part in all the important questions of the day, such as drainage, drinking water, filling up of old wells,

electric lighting and town duties, and was fast becoming, though young in years and in experience, a very prominent and influential member of the Corporation, actively taking part in the formulation of the policies and deliberations of that august body, which under the virtual dictatorship of that great citizen Sir Pherozshah M. Mehta was in those days the great school and training ground for the younger generation of Bombay politicians.

Death of Wife.

On the 10th June 1899, a serious domestic calamity overtook Vithaldas in the death of his good and charming wife Bai Leelabai at the very young age of 24. She had been ailing for a pretty long time and though Vithaldas managed to spare time to take her out for change of air to Chandod and then again to Mahabaleshwar and to Lonavla, she could not be saved. Mr. Macdonald described her in his letter of condolence as "bright, and full of hope and promise" and her death was a very great blow to Vithaldas indeed. Time had hardly begun to soften the keenness of this sorrow when the sudden death of his uncle Govindji, on the 7th September 1899 plunged the whole Thackersey family into grief. Sheth Govindji had been the head of the firm and attended to much of its business. His death, therefore, threw a heavy weight of responsibility on Vithaldas and his only surviving uncle Narayandas who were now the principal partners of the firm of Thackersey Mooljee & Co. These blows however, Vithaldas bore bravely and though for a time his health gave way under the strain, he continued to apply himself to his business and public activities with unabated energy.

Standing Committee.

In 1902, six candidates contested the four seats on the Standing Committee of the Corporation, and Vithaldas was one of the four successful candidates. He worked hard and well on the Standing Committee and interested himself in various questions such as items of expenditure, increase in pay and framing of pension rules of municipal employees and modifications in the

system of giving contracts to merchants, and indeed made himself so useful that the then Municipal President Mr. Ibrahim Rahimtoola had to ask him sometimes particularly to run down to Bombay to attend the Committee meeting even from Mahabaleshwar, whither he had gone for the summer. On one of such occasions, Vithaldas' presence was responsible for saving a considerable sum to the Municipal exchequer. It was proposed to entrust one Mr. Malhar with the work of lighting the incandescent lamps in the different Municipal markets and fountains at the rate of one rupee per light. As a result of Vithaldas' interference, negotiations were carried on with the Bombay Gas Co., which undertook the work at the much lower rate of six annas per light. As a prominent member, it fell to him sometimes to preside at meetings of the Corporation during the absence of the President and his conduct of the meetings was always admirable, and characterized by sobriety, impartiality and sagacity. To make a person like the late Mr. Joseph Baptista withdraw some unparliamentary words he had used with reference to Sir Pherozshah must have demanded considerable tact and firmness from the young chairman who, however, according to the Indian Municipal Journal "acquitted himself creditably in the midst of much confusion and unseemly behaviour on the part of some members".

Nomination to the Bombay Legislative Council.

Vithaldas advanced a stage further in 1903 in his public career when he was nominated by Government to the Bombay Legislative Council and when he became the Honourable Mr. Vithaldas. This was naturally an occasion for much joy and congratulations to him, family and friends and opened for him a vista of a more extended sphere of useful service to his country than could be afforded by the narrow platform of the Municipal Corporation. And yet, the Hon. Mr. Vithaldas continued to show the same assiduity and application to municipal affairs as ever before.

The dust nuisance on the Bombay roads has ever been a

trying problem to the city fathers and in October 1903, the Corporation did some experimenting with spraying the road from Apollo Bunder to the Crawford Market with petroleum so as to save frequent watering and repairs. Dr. Katrak drew attention to the advantages this system had, above that of watering. Oiling made the road solid and compact, whereas the use of water, its rush, the force of its ejection from the hose broke up the surface of the roads, dislodged the sand and the stones, drifted the debris into drains and choked them up. Vithaldas had studied the question carefully, exploded the theory that petroleum spray reduced the cost of road repairs and submitted snapshots of gangs of coolies working on the roads sprayed with petroleum, to drive home his point. He very properly contrasted the economic value of the use of oil as a road maker in America or in Russia, in both of which countries oil was remarkably cheap, whereas in Bombay the oil was Rs. 35 a ton. The petroleum spray project, as a result was found unpractical and was abandoned.

Spraying petroleum on roads.

Vithaldas was gaining laurels in the Provincial Legislature, in the meanwhile and this reacted most favourably on his prestige and position in the Corporation so that on the 20th April 1904, Sir Bhalchandra Krishna Bhatvadekar moved at the first meeting of the Standing Committee that the Hon. Mr. Vithaldas be elected Chairman of the Committee for the year. In the course of his speech in support of the resolution, he said: "When he (Vithaldas) made his maiden speech at the Corporation about five or six years ago, I congratulated him and told him that there was a bright future before him and I am glad that my best anticipations have been realised." The Bombay papers acclaimed this election and stated: "The traditions of the chair are safe in his hands and surely when he makes room for his successor, he will be able to claim that it has lost nothing in prestige or dignity." Indeed the

Chairman of the Standing Committee.

pace at which Vithaldas was mounting up the ladder of success was getting a little too fast and the '*Hindi Punch*,' while congratulating the Committee on electing the right man for the right place warned Vithaldas against the risks of too rapid a progress, and advised consolidation of honours gained. "It is sufficient for the time being," it stated "for Vithaldas to have attained at a very early age the distinction of an entry into the Legislative Council, Chairmanship of the Standing Committee and membership of the Corporation, active membership of the Millowner's Association, and Secretaryship and leadership of the Bhatia Mahajan." Nothing daunted however, the young Honourable went on his way and tackled the Municipal problems as they came before the Standing Committee with wisdom and courage. The City Improvement Trust meant a great responsibility on the Corporation; electric tram service and electric lighting were being experimented upon; anti-plague measures were being vigorously undertaken and the problem of providing houses for the lower sections of the people yet awaited a practical solution. To add further, Vithaldas was engrossed in the affairs of the Industrial and Agricultural Exhibition of 1904, the successful organisation of which took away a large part of his time and energies.

Sir Pherozshah Mehta.

At that time, Sir Pherozshah Mehta was at the height of his power as the dominant force and leader of the Municipal Corporation and was the uncrowned king of Bombay. Though to-day Sir Pherozshah may appear perhaps too tame and a moderate of moderates, it cannot be denied that he was one of the stalwarts, a giant of his age and so far as Bombay was concerned, the virtual dictator. His attitude towards officialdom was one of uncompromising opposition; he would brook no dissent, much less opposition. His eminence at the Bar, his amazing powers of oratory, his thundering roars, his skill in debate, his humour and charm, and the dignity of his aristocratic mode of living—all gave this great leader of men a position unique in the hearts of his countrymen

and in the minds of Government officials. Vithaldas, it was to be naturally expected, came early in touch with Sir Pherozshah and for a time fell under the spell of his magnetic personality. The 1904 session of the Indian National Congress was held at Bombay which was dominated completely by Sir Pherozshah, who spared no pains to make it a unique success. In connection with the Congress Session, an Industrial and Agricultural Exhibition Committee was organised at Bombay and Vithaldas as Chairman of the Exhibition Committee was the live force behind that body, and his relations with the Congress leader grew closer and more intimate. But while he was anxious to work with him, he had no desire to play second fiddle to anybody however great. Besides he was not by temperament a politician; he was essentially a business man, an industrialist and a financier; and he numbered amongst his friends, men of all shades of political opinion, Europeans and Indians alike. It is obvious that Vithaldas could not follow Sir Pherozshah in his consistent and unbending opposition to the bureaucracy although he was always willing and anxious to go with the veteran leader as far as was possible.

**The Indian Standard Time Controversy.**

It was at about this time that Lord Curzon introduced what is now known as the Indian Standard Time. The great Viceroy was a brilliant person and administrator and there was hardly a department of Government, which he did not touch, modify, reorganise and improve. And yet, his tactlessness and over-progressiveness provoked a storm of opposition in India, which led to an awakening of the people from the slumber of ages, which has not only continued and grown since then but has proceeded at an increasingly rapid pace so as to bring self-government almost within the grasp of the people within about 25 years of the departure of that strong and gifted Viceroy. It is obvious that a standard time is absolutely necessary for a country particularly with the rapid means of transport and communications due to railways and the telegraph, to prevent the confusion of different

local times based upon local meridians. The three great cities of India, Bombay, Madras and Calcutta followed their own local times; but Madras being almost central, the railways for the timings of their trains adopted Madras Time, which thus came to be unofficially adopted as the Standard Time for all India. Lord Curzon, however, perceived that it was not only necessary for a vast country like India to have a standard time but that in these days when the increased efficiency of transport and communications was linking the whole world into a great whole, trade was developing into a world wide affair, the whole world was becoming a market and a source of supply, the standard times of all important commercial and industrial countries should be in easy relation to one another, differing from one another by whole hours or at most half hours. Europe and America had already adopted what is thus known as the Time Zone System, the West European Time based on the meridian of Greenwich being ahead of the Central and East European Times by one and two hours respectively, and being behind the American Zone times by four, five, six, seven and eight hours respectively. The Madras time was 5 hours and 21 minutes ahead of Greenwich time and Lord Curzon felt that it could not be adopted as the Standard Time for India if it were to fall under the time zone system. It was possible of course for him to have adopted two time zones in India, one for West India and another for East India differing from the West European Time by 5 and 6 hours respectively. But one standard time for the whole of India appealed to him very strongly and he decided to adopt a time based not on the local time of any one place, but on the meridian of 82° 30′ E. long., so that it would be ahead of Greenwich time by exactly 5 hours and 30 minutes. The Indian Standard Time thus adopted was based upon scientific principles and yet it wounded local prejudices and aroused a strength of bitter feelings hardly justifiable by the issue. To have Bombay clocks 39 minutes ahead, Madras clocks 9 minutes ahead and Calcutta clocks 24

minutes behind the local times of these cities was not such a grave issue as to justify the strength of the popular feeling aroused. The Bombay Municipal Corporation under the leadership of Sir Pherozshah set up the standard of revolt against the new Indian Standard Time and in February 1906, when he was President for the year, a motion was brought before the Corporation to set all municipal clocks in the city to the Indian Standard Time. Vithaldas was not opposed to this motion but Sir Pherozshah was very keen about getting it rejected. In a letter to Mr. Harvey, Vithaldas writes :—

> "Sir Pherozshah, being President, could not speak but he tried hard and canvassed every member to vote for Bombay Time with threat of boycott. Unfortunately, he failed, as you might have noticed, and the motion was carried by a majority of one only. Sir Pherozshah takes this as a personal defeat and is very sour about it. Dr. Viegas who is competing against me for the President's chair and against whom Sir Pherozshah promised to support me last year, has received his support. It is of not very great consequence to me, whether I get it or not, but one cannot but feel for the treatment from one of Sir Pherozshah's position and reputation to forget the hard work and services I rendered to him in the Exhibition."

It may be of interest to note that at a subsequent meeting of the Corporation, Sir Pherozshah succeeded in his aims and the Bombay Municipal Clocks to this day are set to Bombay Local Time, with the result that while all Government and public offices and the railways follow the Indian Standard Time, the Municipal Corporation, with its markets and schools as also the Indian merchants follow the Bombay Local Time. A couple of years ago, an echo of this controversy was heard in the Municipal halls, when strangely the Parsis imported into the discussion an argument in favour of retaining Bombay Time based upon religion and the time for the sunset prayers, and Bombay still observes its Local Time—a strange tribute and monument to its great city father.

The Caucus against Sir Pherozshah.

The most sensational year in the history of the Corporation was the year of grace, 1907, when the executive officers of Government and Municipality and the *Johukamwallahs* along with a few independent councillors and citizens combined their forces and organised a caucus to bring about the overthrow of the uncrowned king of the municipality, Sir Pherozshah Mehta. That valiant champion of the people, whose record of civic work has not been surpassed by any in the annals of the Corporation of Bombay had in his capacity as leader of the House, greatly offended the municipal executive and the bureaucrats outside the Corporation. Against him the Municipal Commissioner had absolutely no chance. He was the king-maker. No one without his support could hope to be President of the Corporation or secure other civic prizes. He could make or mar the Commissioner. Often, he gallantly stood up for the Municipal Commissioner and his relations with that great Commissioner, Mr. Harvey, were of the most cordial character, but during the regime of his successor, Mr. Sheppard, many incidents took place, which strained the official relations of the Municipal Commissioner with the Leader of the House. He felt that Pherozshah was getting very autocratic and there were also some members of the Corporation to whom the one man's rule in the Corporation was getting very irksome. A dead set was, therefore, made against Pherozshah and his party at the general elections held early in the year 1907.* The Justices of the Peace had a separate constituency for the election of 16 members from amongst themselves to the Corporation and Pherozshah had always been one of these sixteen, generally heading the list. The Caucus set up a 'ticket of sixteen' of their supporters and canvassed vigorously for these sixteen and naturally Pherozshah was not included in the ticket. From the strained relations between Vithaldas and Pherozshah referred to

*From an account supplied by Mr. R. P. Masani, for many years Secretary of the Bombay Municipal Corporation, of Vithaldas' Presidentship of that body.

above, the Caucus had hoped for his support and desired to include him in the ticket. But it must be said to Vithaldas' credit that to satisfy his personal pique, he would not and did not stoop to such means and remained aloof from the caucus, standing for election from his own ward—Bhuleshwar. The Caucus was however, completely successful; it swept everything before it and 'the sixteen' emerged triumphant. Bombay was shocked at this humiliation of its great leader and a great deal of bitterness arose in the public life of Bombay. Election appeals were filed in the Small Causes' Court and as a result the election of one member was declared invalid and Sir Pherozshah was declared duly elected in his place. It is of interest to note that it was this Caucus case which brought out into lime light, Mr. Mahomed Ali Jinnah, the shining light of the Bar of to-day and the champion of political rights of the Mahomedans, and gave him his spurs. The victory of Pherozshah was however mere pyrrhic in nature. His lieutenants were kept outside the Corporation and Pherozshah felt like an eagle with his wings ruthlessly clipt.

President of the Corporation.

We noticed that Vithaldas aspired to be the President of the Corporation in 1906 but could not make headway because Sir Pherozshah supported the claims of Dr. Viegas. In 1907-08, it was the turn of a Hindu to be elected President. The four principal communities in Bombay are the Hindus, the Mahomedans, the Parsis and the Europeans and Anglo-Indians, and it has been a convention that the President of the Corporation, or the Mayor as he is now called, should be elected by turns from these four communities. It is strange indeed that this communal factor should be recognised in the election of the first citizen of the city. Nowhere is it so recognised. No such convention regulates the election of the President of the United States of America where also there are the English and the Irish, the Germans and the French and so forth. Nor is religion recognised anywhere as a factor in election. Be it what it may in other

countries and places, however, the Bombay Municipal Corporation has observed this convention with singular fidelity all these years with but few exceptions on special occasions when for instance H. M. the King Emperor and H. R. H. the Prince of Wales were to receive a welcome from that body on their landing on Indian shores. It was only last year in 1933-34 that the convention has been departed from when Dr. Javle, a Hindu Councillor of 23 years' standing was elected to the Mayoralty in succession to Mr. V. N. Chandavarkar also a Hindu. There were bitter comments in the papers at the breach of this convention and it remains to be seen whether the old convention still governs the election of the President for 1934-35. Vithaldas stood as a candidate for the Presidentship then in 1907-08 and relied chiefly for support on his official and business friends. The Hon. Mr. Hari Sitaram Dikshit was put forward by Sir Pherozshaha's party in opposition to Vithaldas who, however, emerged triumphant with 41 votes in his favour out of a total of 61, on the 25th April 1907. Vithaldas recognised as he remarked in a letter to Sir Charles Ollivant that " the Presidentship of this year will not be a very pleasant one".

Feelings ran high for months and the first few meetings over which Vithaldas presided were some of the stormiest held in the civic chamber. The new President whose forte was business and finance, not law and procedure, was bombarded with the most subtle points of order by such astute lawyers and masters of dialectics as Mr. (now Sir) Chimanlal Setalvad, Mr. Hari Sitaram Dikshit and Mr. Jehangir Bomanji Petit. Vithaldas had, however, no difficulty in repeatedly ruling them out of order and putting through the business before the House. On one occasion, however, he faltered. In the course of a debate, Mr. F. C. Harrison, the consummate organiser and the leader of the Caucus, objected to certain insinuations made by Sir Pherozshah and characterized them as insulting and disgraceful. Sir Pherozshah jumped to his feet and asked the President to call upon Mr. Harrison to

withdraw the words. Vithaldas observed that no insinuation had been made and rather hurriedly held that Mr. Harrison had not used unparliamentary language. This ruling caused much ill-feeling. At the next meeting, however, he took the earliest opportunity to pour oil on the troubled waters. Before commencement of business, the President explained that in holding that the expression was not unparliamentary he had in mind an occasion when the term 'disgraceful' had been used by the Hon. Mr. Peel, the Speaker of the House of Commons on the 7th August 1894, but that on consideration he thought that that was a term, which should not be applied by one member of the House to another and he appealed to the good sense of the members not to use it. After the storm, the House soon settled down to work. Vithaldas' tact and patience enlisted the co-operation of members of all shades of thought and the good sense and civic patriotism of the councillors rendered what appeared to be a stormy and difficult year of office, an eventful and memorable year in the annals of the Corporation.*

Vithaldas was at this time a busy man indeed. He was getting deeper and deeper in the currents of industrial and commercial life. The Legislative Council claimed his attention, banking engrossed him, mining absorbed him, the Millowners' Association wanted him, the Industrial Conference required him. Indeed as he wrote to Sir S. Edgerley "I have few moments to call my own." And yet, he was true to the Corporation's claims upon him, and was very particular in discharging his heavy responsibilities with keenness and thoroughness. Though his health failed him in June and July of 1907, and he had rented a bungalow in Poona for the season for change, he never missed his Mondays and Thursdays when the meetings of the Corporation were usually held. The Government of India were holding a select conference at Calcutta of provincial representatives for discussing the question of organising

*Report of the Municipal Corporation, 1907-08, p. 35.

provincial museums and Vithaldas was invited to represent the Bombay Presidency probably because of the considerable experience that he had gathered in connection with the Industrial and Agricultural Exhibition held at Bombay in 1904. But Vithaldas regretfully declined the invitation, on the ground of his onerous responsibilities as President of the Corporation.

Police charges.

Vithaldas' year of office as President was remarkable for the solution of a great many important questions. Difference had arisen between the Corporation and Government regarding the allocation of police charges and buildings used for the Police. The dispute was happily settled this year in a matter satisfactory to both parties, removing once for all a fruitful source of friction between the two bodies. It was estimated by a friend that the settlement had led to a saving to the Corporation of about Rs. 50,000. Another trouble which was settled during the year was in connection with the liability of the Corporation in respect of the cost of overbridges at level crossings by the railway companies for the facilities of pedestrians. The matter was agitated by Vithaldas in the Legislative Council also and a satisfactory compromise was arrived at, thus making the way clear for an early removal of a much-felt inconvenience of the public. The Public Health and Water Departments needed overhauling and reorganisation and it was yet another feather in the young President's cap, when the long pending question of the future permanent constitution of the Health Department was settled and the reorganisation of the Water Department received the sanction of the Corporation. The Committees of the Corporation and the various sub-committees too became much more active and energetic under the President's influence, so that matters were disposed of expeditiously without any undue delay. The Corporation had to incur great expenditure during the last few years in the campaign against

Overbridges.

Medical relief.

plague. Preventive measures and hospital accommodation for the patients cost a great deal and the Corporation had asked Government for a grant to relieve their finances of a great burden, which it was but proper should fall on Government itself if not wholly at least largely. The Government of India, however, gave the Corporation to understand that the grant of Rupees fourteen and a half lakhs in 1899 was the last grant they had sanctioned and that no further grant need be expected of them particularly in view of the fact that Government had met in 1901-02 the heavy expenditure in connection with the provision of nurses, medical officers, health camps and so forth. Vithaldas, however, was not disposed to accept this as a 'settled fact' and he appealed with facts and figures and strongly presented the municipal case to the Secretary of State.

Electric Tram Service.

It was during the same year that electric traction was inaugurated on the Bombay Tramways. The horse-tram was no longer suited to cope with the needs of the time and appeared rather out of date in the premier city of Western India. It was decided in 1904-05 that electric traction should be introduced, in the City and the next two years were devoted to careful preparation and construction. The inauguration of the electric tram service was performed by the Hon. Mr. Vithaldas as President of the Corporation before a large assemblage on the 7th May 1907 by driving the first electric tram car with a silver handle specially prepared for the occasion and presented to him.

It fell to Vithaldas' lot to present an address of farewell to the retiring Governor Lord Lamington and an address of welcome to the incoming Governor Sir George Sydenham Clarke. Lord Lamington had to vacate his office before his term was over on account of the ill-health of Lady Lamington and the address of farewell was presented to him on the 27th July in the course of which he referred to His Excellency's concern for municipal affairs and his earnest endeavour to settle the matter (the police charges) which had been a harassing source of contention and

controversy between Government and the Corporation for a long series of years. The new Governor landed on the 18th October and the address of welcome was presented to him at the Apollo Bunder in the presence of a large gathering of the councillors, officials and the city magnates. The address stressed the problem of the extension of primary education in the city which still awaited settlement. A strong committee was appointed by the Corporation representing both Government and the Municipality including as members Messrs. Dunn, Pherozshah Mehta, Chimanlal Setalvad, Vithaldas Thackersey, Dinshah Wachha, Dhacjee Kashinath, Ibrahim Rahimtoola, Bhalchandra Krishna and H. S. Dikshit, and it was hoped that it would be found possible to encourage the spread of education amongst the masses without inflicting any unnecessary hardship on those who had been accustomed to depend on the earnings even of young children. His Excellency in his reply drew attention to another important matter when he stated that: "We know that inoculation can be employed without ill-effects and that, if not an absolute preventive, it is a most material safeguard. We know that extermination of rats if it were possible would remove the main cause of dissemination of infection." It may be noted that the term of office of Sir George Clarke was remarkable for the campaign against rats and for the development of the Research Laboratory at Parel for the inoculation serum, with the result that plague which had for the last few years become a terrible scourge among the people of Bombay was practically stamped out. Vithaldas' year of office was also memorable for the new departure in good-will and hospitality which he made by inviting the members of the Corporation to meet the Governor at a banquet given in the Civic Hall. This was the first occasion when the head of the Government was invited by the first citizen of the city to dinner and recognising the wisdom of bringing together the Governor and other officers of Government and prominent citizens of Bombay

Sir George Sydenham Clarke.

and the members of the Corporation as often as possible. Vithaldas' successors have, with but few exceptions, followed the precedent created by him. Vithaldas received the following letter of warm appreciation, written in the Governor's own hand, on the day after the Corporation Banquet:

> "I wish again to thank you warmly for your most kind hospitality last night. It was a great pleasure to me to meet so many of the leading citizens of Bombay in such charming circumstances. I am sure that a gathering of this kind helps to promote the mutual understanding and the co-operation of all bodies—which is so essential to harmony and progress. With renewed thanks for all your kindness since I arrived at Bombay."

Vithaldas' term of office as Municipal President thus came to an end by the close of March 1908. There was a general consensus of opinion that he had acquitted himself very creditably in the discharge of the arduous duties of his office, and a resolution according the best thanks of the Corporation to the retiring President for the zeal, ability and courtesy with which he had conducted the duties of his office was carried unanimously and by acclamation on 2nd April 1908. Vithaldas replied to the resolution in a short speech reviewing the broad features of the work done during the last year and acknowledging the sympathetic support he had uniformly received from members of the Corporation and to the assistance he had consistently obtained from the Commissioner and the Secretary.

Thus ended Vithaldas' long connection with the Municipal Corporation for ten years. During this period, he had more than justified the high expectations his friends and admirers had formed of him, extended his sphere of work very widely, and Mr. Vithaldas, the young and inexperienced representative of the important business firm of Thackersey Mooljee, was transformed into the experienced and pre-eminent citizen, industrialist and financier, the Hon. Sir Vithaldas Thackersey, with an all India reputation as the leader of the business interests of Bombay and an authority on all economic questions.

# CHAPTER III

## IN THE LEGISLATURES

*Nomination to the Bombay Legislative Council. Maiden Speech. Renomination. Speeches on the Budget. Commercial Education. Hours of work in Factories. Co-operative bank.*

*Election to the Imperial Legislative Council. Press Act. Prevention of Seditious Meetings Act. Enhanced duty on silver. Speech on the Budget, 1910. Factory Labour: Adult restriction. Countervailing Excise Duty on cotton manufactures. Railway policy. Indentured Indian labour. Elementary Education Bill. Gold Standard Reserve. Free Coinage of Gold. Review.*

To a person of Sir Vithaldas' ability and passion for public service, the increasing duties that devolved upon him in connection with the business activities of his own firm and in connection with the Bombay Municipal Corporation, offered but a very restricted field and he was preparing for entry into the wider region of the Legislatures. The circle of his acquaintances was widening and he was establishing contact with important and influential citizens, leading officers of Indian states and prominent members of the Government, who soon came to recognise in him a very promising recruit for higher public service.

Nomination to the Bombay Legislative Council

On the 7th August 1903, he was nominated a member of the Bombay Legislative Council by Lord Northcote's Government under the rules prevalent then. He thus became the Honourable Mr. Vithaldas, and it is remarkable

that this high honour came to him like the others at a very young age, for he was only just 30 then. To be a J. P. and a member of the Municipal Corporation at 24 and to be nominated as a member of the provincial legislature at 30 was indeed no small achievement and reflects great credit on the ability and character of Vithaldas. To desire is one thing ; to deserve is another ; and it is in rare cases like these that the desire to push on is preceded by earnest efforts at deserving the push onwards at the hands of those qualified to judge ; and it is still rarer to find that the subsequent career justifies, as it did in this case, the rapid climb to greater heights. His nomination was hailed with approval by the press and the public as an 'excellent selection' and the 'unusually high place' he held in the city, his 'perseverance and natural talents,' his 'honesty and courage,' his 'habitual moderation and self-control,' were referred to by these, as tending to show that in him the public no less than Government would find altogether a very desirable acquisition to the Council, and the party of progress and reform yet another champion added to their ranks to support them in their efforts. It was after 25 years thus exactly that Vithaldas entered the Council Hall and assumed the seat which was held by his father-in-law, Sheth Morarji Goculdas, the first Bhatia gentleman to enter the Councils. Times have changed rapidly since then, and we might not realise to-day, what an honour it was in those times to be nominated to the Council and be dubbed an Honourable, though the provincial councils were then completely subordinate to the central authority and whatever freedom they possessed was circumscribed in several ways.

The nomination of Vithaldas to the Council was hailed with joy by his own community and on the 6th September 1909 a large gathering was held at the Bhatia Mahajan Wadi in Bombay to present a congratulatory address to him. The address referred to Vithaldas' various activities and to his numerous services to his own community, and his reply reveals how seriously he took

his new duties, and how strong his attachment to the caste, as a sort of a co-operative organisation, was. On the 22nd of the same month the people of Okhamandal residing in Bombay held a meeting at the Vishram Bhuvan at Mahalakshmi, where the Bhatias, Lohanas and Brahmins of Okhamanadal gathered in large numbers to congratulate the young "Honourable". In the Council elections that year, Mr. (later, Sir) Goculdas K. Parekh and Mr. (now, Sir) Chimanlal Setalvad were successful and a meeting was held under the presidentship of Dr. Sir Bhalchandra Krishna Bhatvadekar in honour of these two honourable gentlemen and of Vithaldas. In his reply, Vithaldas expressed his consciousness of the fact that the honour carried with it a great responsibility, and declared with perfect truth that the Council afforded much more scope perhaps to a merchant than to others for bringing forward questions of the greatest importance to the economic prosperity of the province and of contributing to the shaping of the economic and commercial policy of the land. There was a fine band of workers in the Bombay Council in those years, the chief of whom were Sir Pherozshah Mehta, Sir Ibrahim Rahimtoola, Mr. Hari Sitaram Dikshit, Mr. Daji Abaji Khare, Sir Goculdas Parekh and Sir Chimanlal Setalvad. Vithaldas was a junior in age and experience as compared with these veterans, and yet, he showed during his career in the Council considerable ability and tact and acquired a position of undoubted eminence as a spokesman of the commercial and industrial interests of Bombay.

Maiden Speech

His very first speech, delivered on the occasion of the presentation of the Budget, on the 21st August 1903 referred to several matters of importance to the commercial community. The need for the improvement in the quality of Indian cotton, the measures necessary towards that end, the unfortunate position of the mill industry brought about by currency legislation and the excise duty, the menace of Japanese competition to the

Bombay Spinning Industry with the fear (now, an accomplished fact) of our being driven out from the China market, measures for seed selection and distribution—all these read as if we were dealing with current problems of to-day and not with those which occupied the legislators more than 30 years back, showing how slow in several important matters the progress of the country has been and how the cries of our merchant princes and industrialists have been often cries in the wilderness. The Hon. Mr. Vithaldas further drew attention to the problem of overcrowding in Bombay City and co-related it with the spread of epidemics and the high mortality amongst the labour force and suggested encouragement by way of loans to capitalists to build chawls on plans approved by the Improvement Trust. It is a sad reflection that though the problem of overcrowding has attracted the attention of the people and the Government for so long, nothing substantial seems to have been done till now and the Census Report for the City of Bombay for 1931 stresses the intensity of the overcrowding and the urgency of the need for devising measures to provide better housing accommodation and transforming the slum land of the City into something habitable by the labour force. Vithaldas' speech was well received and the Hon'ble Mr. Fulton agreed with him on the question of overcrowding, while the Hon'ble Sir James Monteath on behalf of the Government fully recognised the necessity of removing all obstacles to the speeding up of transport of produce to the Port of Bombay to which also he had made reference in his speech. His maiden speech amply fulfilled the expectations raised by his nomination to the Council and the press welcomed the vigorous presentation of some of the commercial needs of Bombay which stood out in great relief from discussions on well-worn administrative topics.

**Renomination**

The two years for which Vithaldas was nominated to the Council expired in 1905 and he was re-nominated for a further period of two years. In 1907 the period was further extended to

two years and he would have been continued for further periods yet but for the introduction of the Morley-Minto Reforms as a result of which—Vithaldas went to the higher sphere of the Imperial Legislative Council and ended his connection with the provincial legislature. During all this period, he was busier than ever, being occupied ever more and more with municipal affairs till 1907 when he achieved the highest civic honour by being elected as the President of the Bombay Municipal Corporation. His activities had further increased as an industrialist and as a financier and it may be well said that there was no affair of importance initiated by the people or Government in which his advice and co-operation were not sought. He was the prime spirit in the successful organisation of the Industrial and Agricultural Exhibition held at Bombay in 1904 in connection with the sessions of the Indian National Congress there; he presided at the Industrial Conference at Calcutta in 1906 and was the President of the Bombay Millowners' Association in 1905. It was towards the end of this period that he received substantial recognition from Government for his public services by the award of the honour of Knighthood in 1908.

His career in the Bombay Council was not distinguished by any very serious discussion on the financial side of the Budget but he was certainly a pioneer in bringing forward problems relating to the economic progress of the country and initiated the close co-ordination of business interests with the work of Government which is so marked a feature of administrations in these days all over the world. Indian mercantile interests became increasingly vocal under his leadership and he gradually but steadily assumed the position of an undisputed leader of the Indian commercial and industrial community.

In 1905, he voiced the feelings of satisfaction of the cotton industry at the proposed increase in the number of experimental farms for the improvement of Indian cotton and at the

Speeches on the Budget

successful introduction of Egyptian cotton in Sind. It must be remembered that under Lord Curzon's stimulus, the Agricultural Department was being overhauled and the growing interest which Vithaldas now began to evince in agricultural matters and which led to his sponsoring and leading the Co-operative Movement in the Presidency shows in no uncertain manner his realization of the intimate relationship between agricultural development, industrial progress and commercial prosperity. He suggested the desirability of holding annual exhibitions of agricultural produce and implements in different districts on a fairly large scale and it is a pity that this suggestion needed a further stimulus 20 years later from Lord Irwin and the Royal Commission on Agriculture, since it is only comparatively recently that such district exhibitions are being organized now and then though not yet annually.

Commercial Education

Vithaldas also took up the question of commercial education and remarked that there was not a single well-organized institution where young men of all classes could receive training in an organized commercial course under proper supervision and asked whether it was not a matter of surprise that this Presidency—the commercial and industrial activities of which made other Presidencies envious and which made the City of Bombay proud of its position in the whole world, commanding most of the import and export trade of Western India amounting to 132 crores of rupees, excluding the enormous home trade, and possessing one of the largest industry that India could boast of—should have remained, till now in such a position. He referred to Lord Northcote's remarks at the Bombay University Convocation of 1901 where he stated that commerce should be as thoroughly taught and honoured as a study as any of those branches of learning which the Indian University delighted to honour and that he wished the Bombay University not to be backward in recognizing the growing practical importance of commercial education. Vithaldas suggested that advantage should be taken of the then prosperous condition of

Government finances to make liberal provision for commercial education in Bombay, the first needs of which were the establishment of a well equipped commerce college and the revision of the curricula in secondary schools to make them suitable for pupils aspiring to a commercial career. The agitation thus commenced for commercial education led in a few years more to the translation of the sympathy of Government into action and to the establishment in 1913 of the Sydenham College of Commerce and Economics.

It seems Vithaldas during this stage of his career contented himself with drawing the attention of the Government to several matters of commercial and industrial interest. He had yet to win his spurs before he could, like Sir Pherozshah Mehta and other stalwarts of the Council, introduce measures or criticize Government policy from a political point of view. Besides, it is to be remembered that Vithaldas had not yet freed himself from civic politics nor from the industrial and commercial problems discussed at the Chamber of Commerce and the Millowners' Association. He, therefore, wisely confined himself almost to the occasion of the presentation of the Budget for presenting his views on some important problems that affected the business prosperity of the City and the country.

Hours of work in factories

Vithaldas' speech in 1906 was important particularly, however, for emphasising the question of hours of work in factories. He declared the willingness of the Bombay millowners to accept any reasonable proposals that would remove legitimate causes of complaint of over-work but gave an emphatic warning that unless they were alert, restrictions of the most unreasonable kind might be imposed under pressure from Lancashire. He exposed the selfishness of Lancashire by commenting upon Mr. Keir Hardie's speech at the Indian Budget discussion in which he had made the surprising statement that the manufacturer in India had the advantage over the manufacturer in Great Britain of lower

wages and that it was wrong that he should also have the advantage of long hours. Vithaldas continued in a bantering tone and said that it was a greater wrong still that the Indian manufacturer had cotton growing at his door and he appealed earnestly that having regard to the serious importance of the question a public enquiry should be instituted and no hasty steps should be taken on account of the pressure of the Lancashire interests on the Secretary of State. The enquiry, in order to be effective and useful, should be, he suggested, full and comprehensive, not only referring to the hours of work but also to conditions of mill labour, the effect on the health of the operatives, the amount of wages, the efficiency of the Indian and the English worker, the time operatives spend away from the machines as also the important question of child labour. It is interesting to note that Vithaldas' appeal was very timely since it was soon after that that the Indian Factory Labour Commission was appointed, of which he was nominated a member.

In his speeches on the Budget it is interesting to find how Vithaldas stuck to the problems he had drawn attention to in his previous speeches and how he reiterated his views with the result that action, though perhaps slow, had at last to be taken. He thus referred again to the expenditure on technical and industrial education. In this connection he suggested that the first thing to do was to diffuse improved knowledge of their own trades and handicrafts among the people for which purpose a wide organisation was required to first ascertain the methods in use and then seek and suggest means of introducing easily practicable improvements. (He pointed out the need and importance of an industrial survey and stressed the importance of commercial education which was really technical education appropriate to the large trading class in India.)

Co-operative Bank

In the next important speech that Vithaldas made in the Council on the 15th June 1908 on the occasion of the presentation of the

Budget, he seems to have been drawn more and more to the problems that affected the poorer classes—the factory operatives in large cities and the agriculturists in the country. The point of view, as we can steadily trace, is slowly changing from that of a great industrial and commercial magnate to that of the poor men in the factory or farm whose destinies he controls in more ways than one, and it is the increasing change in the angle of vision which ultimately led Vithaldas to blossom out as the exponent, pioneer and leader of the co-operative movement in the Presidency. He made a reference on this occasion to the interesting experiment in the financing of the cultivation of sugar-cane in the Nira Canal area and he hoped that the experiment would prove a decided success and that ultimately it would be possible to induce some banking agency to take up the business with every prospect of earning a good dividend. Vithaldas saw this hope of his realized in this that the Bank, which he was instrumental largely in founding—the Bombay Provincial Co-operative Bank did take up the business but with disastrous consequences. The story of the Nira Canal finance for sugar-cane cultivation has not yet ended and Vithaldas' Bank is sorely perplexed about devising ways and means of recovering its advances to sugar-cane growers in that area. In this connection Vithaldas advocated the starting of an agricultural bank for the success of which three conditions were necessary, *viz.*, (1) cheap money which could only be obtained from the co-operation of the State ; (2) assured crops not liable to wholesale loss or seasonal conditions and (3) the extension of the system of Co-operative Credit Societies. The first condition was easy of realization if Government only seriously took up the idea, while the second depended for its realization on a large extension of irrigation works. With regard to the third condition, he referred to his growing interest in Co-operative Credit Societies, and to a scheme that he had drawn up under which a central bank could be established with some State aid to help them. State aid in

such matters, he pointed out, was absolutely necessary and he quoted the examples of Germany, Japan and Egypt and urged Government not to be deterred by academic objections from lending its strong moral and material support which alone could make such a central banking institution successful.

Election to the Imperial Legislative Council

May 1909 saw the introduction of the Morley-Minto Reforms and the first elections under them were fixed for December, 1909. Sir Vithaldas, he was already knighted by then, was selected to be a member of the Council "as a loyal subject trusting that he will discharge duties imposed upon him in a truly patriotic and loyal manner". Under the Reforms the Bombay Council had to elect two representatives to the Imperial Legislative Council at Calcutta and Sir Vithaldas accepted the suggestion of friends that he should transfer his activities to the wider field of the Imperial Council so as to put forward more effectively before the Central Government the views of business-men and industrialists. Three candidates offered themselves for election—the Hon'ble Mr. Gopal Krishna Gokhale, the Hon'ble Mr. C. H. Setalvad and the Hon'ble Sir Vithaldas Thackersey. The election was contested very keenly and as Sir Vithaldas stated in his letter to a friend—

> "Mr. Gokhale is sure to succeed as he should and the contest will be between Mr. Setalvad and myself. Mr. Setalvad is getting strong support from the elected members and especially those who hold advanced views, while my chief supporters are the nominated members of the Council as they are of opinion that a gentleman of my views representing as I do the mercantile interests of this Presidency should go to the Imperial Legislative Council."

Sir Vithaldas came out triumphant in the election and his activities were from now transferred from the Provincial to the Imperial theatre. His activities in the Imperial Legislative Coun-

cil were more diversified and related to subjects which were not only of interest to commerce and industry. The association with Mr. Gokhale naturally had its influence on Sir Vithaldas who often supported him in his views on the public questions of the day. While in the Bombay Council, he had restricted himself to business matters only, not only because as a nominated member, he felt it his duty not to embarrass Government by the expression of inconvenient views, but also because he believed at that time that economic questions were of far greater importance to the well-being of the country than merely political questions and that a person like him well versed in commercial and industrial matters should not mix himself up in controversial questions of politics and administration. A wave of national feeling spread in India in 1909 and 1910 and the innate patriotism of Sir Vithaldas came out more to the surface and he often exposed the fallacy of the arguments of the European Chamber of Commerce in the interests of the country.

Press Act

His very first speech was in connection with the motion of the Hon'ble Sir Herbert Risley that the Report of the Select Committee on the Bill to provide for the better control of the press be taken into consideration. The political atmosphere at that time was considerably disturbed. The Indian Press was making strong comments on bureaucratic methods ; secret terrorist societies were busy hatching conspiracies and manufacturing bombs ; an officer of the Criminal Intelligence Department was shot dead on the 24th January 1910 in the compound of the Calcutta High Court and the incident had created a great stir in Calcutta. His Excellency the Viceroy's address to the new Council, on the 25th, naturally expressed strong disapproval of these terrorist methods and indications were clear of the adoption of a policy of repression. The Hon'ble Mr. Gokhale, when commenting upon some clauses and sections here and there of the Press Act, on the whole gave his support to the Bill and Sir Vithaldas followed suit. His only

anxiety was that in trying to remove the evil, they should not lose sight of the possible hardship their action might inflict upon honest people whom it was not the desire of Government or the Council to punish.

Prevention of Seditious Meetings Act

In pursuance of the policy of repression, that was now entered upon, a Bill was presented to the Council to provide for the continuance of the Prevention of Seditious Meetings Act of 1905 on the 6th August 1910 at the Simla Sessions of the Council. The Act ceased to operate on the 31st October of that year and Sir Vithaldas did not see why it should be given a fresh lease of life. He felt that the country might be given an opportunity to prove that no coercive measures were necessary for the ordinary purposes of Government. The original Bill was designed to operate only in exceptional cases and in exceptional times of insecurity, as was announced by the Home Member then in charge of the Bill and Sir Vithaldas asked whether the condition of India was such as to justify the continuance of the measure.

Enhanced duty on silver

A few months earlier Sir Vithaldas had occasion to submit his views on an important economic question, the proposed enhanced duty of silver. On the 4th March, Sir Vithaldas strongly supported the amendment of Sir Sassoon David and pointed out that the duty on silver stood altogether on a different footing from duties on other commodities. Silver was not only a commodity but was the basis of currency in the Far East and anything, therefore, that affected the value of silver would necessarily affect the exchange between India and China. The duty thus affected the commercial relations between the two countries and was therefore a more important matter than taxation of tobacco and alcohol. The proposed duty, Sir Vithaldas contended, was tantamount to giving a bounty to the manufacturers of China at the expense of those in India. The new duty was nearly

17 per cent. as against the 5 per cent. *ad valorem* levied under the old Act. Such a heavy duty would necessarily reduce the quantity of silver consumed in India and this enormous decrease in Indian consumption would lower the price of silver in London. Indian exporters to China received the price for their goods in silver which had to be converted afterwards into gold standard rupees and the new duty would greatly reduce the number of rupees which the Indian spinner would get for his yarn owing to the depression of silver. The high price of cotton which was 50 per cent. higher than normal and the loss of general confidence in the industry owing to the big failures of the previous years had created a gloomy situation and dull prospects and the additional duty on silver, under such abnormal circumstances, would react very disastrously. Sir Vithaldas further mentioned that the Indian industry had to contend with unequal competition, as for example, from Japan. The cotton mills there were being nursed by their Government as a mother nurses a favourite child. Japan had given a protected home market to her cotton mills, thus enabling them to dump down their surplus products in China market at less than the cost price. Japanese manufacturers were also helped by loans of cheap money in times of depression and by a specially low rate of freight for cotton from India to Japan through subsidized steamship companies. Sir Vithaldas' advice, however, was not accepted and the amendment was lost.

Speech on the Budget, 1910

A few days later, on the 29th March 1910, Sir Vithaldas addressed the Council on the Budget, in which he strongly protested against the levy of additional taxation on the alleged grounds of the reduction in Indian exports of opium to China and the abandonment to the new province of Eastern Bengal and Assam of a larger share of the land revenue. He quoted figures of the preceding years in support of his contention that the actual receipts from opium were, if anything, more than the estimates and desired Government to tell the Council in distinct terms what their future

policy in regard to opium was going to be and how far China had carried out her part of the agreement regarding the prosecution of her anti-opium policy. Sir Vithaldas criticized the ever growing cost of administration which he pointed out was the real reason for additional taxation. The secret of good government was economical government and economy in administration led to the contentment and prosperity of the people and to the stability of the Government. He protested strongly against the remark of the Finance Member about the increasing expenditure in the provinces and suggested that there was much greater room for reduction in the Imperial Expenditure which amounted to over 75 crores than for further restriction of the provincial expenditure which amounted to only 37 crores of all the provinces combined. He emphasized that the largest proportion of provincial expenditure was devoted to the immediate wants and requirements of the community and that any curtailment therein would react more rapidly on the well-being and consequently on the peace and contentment of the people than a similar reduction in the Imperial expenditure. Sir Vithaldas pleaded further that the country through the Council should be allowed greater freedom in choosing the methods of raising the revenue and a more real share as regards what article should be taxed and what duties should be raised and he referred to the impression abroad that in deciding the most important questions of economic and financial policy, the Government of India were obliged to be guided by political exigencies and gave an illustration of the Excise Duty on Indian cotton piece-goods which was without a parallel in any country of the world but which was levied and continued to satisfy the Lancashire manufacturers.

Factory Labour : Adult Restriction

Towards the end of November 1910 His Excellency Lord Minto left India on the completion of his term as Viceroy and on the 3rd of January 1911 the new Viceroy His Excellency Lord Hardinge took the chair at the meeting of the Imperial Legislative

Council held at Calcutta. The Hon'ble Mr. Robertson moved that the Bill to consolidate and amend the law regulating to labour in factories be referred to a Select Committee. Sir Vithaldas was a representative of the Bombay Millowners' Association on the Factory Labour Commission and he had signed the Report and endorsed almost everything that was said by the Commission. His name was included in the Select Committee to which the Bill was to be referred, yet he spoke strongly at this stage, for he perceived that Government were flouting the unanimous recommendations of that Commission and were proposing to restrict the hours of work of the factory operatives to 12 per day. Sir Vithaldas argued out the whole case and said that the proposal of adult restriction should only be meant to prevent any sweating of the work people. With the idea of preventing sweating he was entirely in favour but he was absolutely opposed to the direct restriction of the working hours of adults because he felt that it would create the greatest inconvenience possible to industrial communities on occasions when a little over-time was necessary and quoted from paragraph 47 of the Report of the Factory Commission which stated

> "We are strongly opposed to any direct limitation of adult working hours (i) because we consider that there is no necessity for the adoption of this drastic course, (ii) because we are convinced that it would cause the greatest inconvenience to existing industries most of which have never worked long hours and (iii) because we think that such a measure would seriously hamper the growth of industrial enterprise."

The limitation of the working hours of the "young persons" class proposed to be created by the Commission to 12 would indirectly bring down the hours of work in the textile factories also to 12. England had never admitted the principle of the restriction of working hours for adult males and the protection given to females and young persons had proved sufficient to indirectly achieve the prevention of sweating of adult male labour, and Sir Vithaldas asserted that there was no reason whatever why in

India such a restriction should be sought to be imposed. He pointed out that the interesting statistics compiled during seven years by Dr. Turner, the Health Officer of the Bombay Municipal Corporation, revealed that the death rate among the factory operatives was only 18·45 as against death rate of 31·58 among the general labourers of Bombay and that the conditions of mill labour were much better and the men were much better fed, better clothed and better housed. Those statistics were supported further by the statistics of death rates in the Ratnagiri District of the Konkan from which the mill hands of Bombay are generally recruited, for they showed that that district had the lowest death-rate in the Presidency. Sir Vithaldas advised the Government to accept the recommendations of the Factory Commission in toto and if they found that the sweating of adult male operatives was not brought under control even by the creation of the "young-persons" class, they could introduce some amendment such as the one proposed by the Bombay Chamber of Commerce, *viz.*, a compulsory stoppage for 2 or 3 hours after 12 hours work.

He further referred to the question, in this connection, of working daylight hours and made a strong point against the proposal on the ground that only 25 or 30 cotton mills in India out of 224 worked excessive hours with electric lights and that it was not proper to penalize all for the sake of these 25 or 30 mills. He appealed to His Excellency not to insist in carrying on the measure before them in the shape in which it had been drawn up, inasmuch as the interests and sentiments of factory owners and mill hands were almost unanimous against the principle of direct limitation of the hours of adult male labourers and they felt very strongly that if once the principle was admitted into legislation, it was bound to expose them and the Government alike to repeated persistent pressure from interested rivals and lead to calamitous consequences. Sir Vithaldas's opposition had, it appears, some weight and in February 1911 Mr. Robertson wrote to him to say that though it was not possible to accept all his suggestions, a way

would have to be found. It was possible, he thought, that a 13 hours' day with two intervals each of half an hour or one interval of one hour might meet the needs of the case and he asked him to let him have his views as soon as possible in order that Government might come to a decision on the matter.

The Factory Bill—as it emerged from the Select Committee—was placed before the Council on the 21st March 1911. Sir Vithaldas made a strong speech on this occasion too, prefacing his objections by courteous compliments about the Select Committee's liberal attitude in regard to exemptions, their providing assessors to assist in the hearing of appeals from factory owners and by making the clauses of the Bill clear and definite and by characterizing the Bill as a very satisfactory measure in all respects excepting one or two. He objected, however, strongly to the introduction of the novel principle of direct restriction of the hours of adult male labourers and expressed his disagreement with the report of the Select Committee as to the justice of extending the provisions of the Bill to factories working daylight hours. The arguments on both these points were more or less the same that he had advanced on the earlier occasion, but he referred to one more point, namely, ventilation and he suggested to Government the desirability in view of the subject being largely a technical one of having an exhaustive enquiry carried out by experts before rules were made for the ventilation of factories. Sir Vithaldas' vigorous opposition, however, did not succeed and the Bill became law in March 1911. It is interesting to note in this connection that Sir Vithaldas' suggestion about ventilation in factories met with approval and that he was nominated on the Cotton Mills Ventilation Enquiry Committee later in the year.

Countervailing Excise Duty on Cotton Manufactures

A few days before—on the 9th March—Sir Vithaldas supported the resolution for the abolition of the Cotton Excise Duty moved by the Hon. Mr. Dadabhoy. The imposition of the Cotton Excise Duty was absolutely an

anomaly in the history of tariffs in the world and the theory of the countervailing excise duty is free trade with a vengeance. Indian industrialists and public leaders have always resented this duty and the justice of their plea has more or less always been admitted by Government in theory but only accepted by them in practice within the last 10 years. The case for abolition of the excise duty has been always so plain and obvious that no arguments were really needed for its support. Yet the Hon. Mr. Dadabhoy had introduced his resolution with modesty and moderation and in a weighty speech he had given the history of the Indian Excise Duty and proved that it was levied against the wishes of the Indian people, against the wishes of the Indian Government, and in strong opposition to the interests representing the industry. They were imposed because Lancashire thought that the import duty of 5 per cent. gave a slight advantage to Indian manufacturers and Sir Vithaldas, in the short speech that he made in support of the resolution, maintained that even if the import duty did give a slight advantage to Indian manufacturers in their own home market, it was quite justified as all the great nations gave such advantage to their own industry. Sir Vithaldas further maintained that there was no competition between the imported articles and the articles manufactured in India, which produced coarse goods consumed by the poor in the country while the imported articles were finer fabrics used by the richer sections. He proceeded to ask whether though India had paid the duty for the last 15 years, this injustice should be continued. The duty was regarded not only as unfair and unjust but a general impression was being created in the country that in that matter the interests of Indian manufacturers and Indian consumers were being sold to the interests of Lancashire manufacturers. It is to be regretted, however, that the Hon. Mr. Dadabhoy's resolution was thrown out by the Council.

Railway Policy

On the 1st March 1912, Sir Vithaldas moved an important resolution on railway policy. The reso-

lution asked for a committee of official and non-officials to enquire into :—

> "(i) the policy followed at present in fixing goods tariffs and its effect on the development of Indian industries and on inter-provincial trade, (ii) the extent (if any) to which the principle of non-interference with vested interests is recognised in dealing with proposals for the construction of new lines with special reference to its effect (if any) on the opening up of outlying tracts and the creation of monopolies in favour of existing lines, and (iii) the desirability of associating members of the commercial community with the deliberations of the Railway Board either by nomination to it of one or two additional members from among them or by constituting an Advisory Committee of representatives elected from the different important centres."

He spoke on this resolution at considerable length and with much force, and pointed out that in framing the tariffs, the main consideration with railway companies as commercial concerns was naturally to make the maximum profits out of the working of their lines. The lowering of rates on some classes of goods was also based upon the expectation of a greater volume of traffic and of earning ultimately more profits. The development of local industries all over the country hardly entered into their calculations excepting so far as that development might be considered as a source of greater traffic for themselves. But Sir Vithaldas pleaded that the development of local industries was of primary importance to the people of this country and when India had the inestimable advantage denied to some other countries of owning most of her railways, that consideration must weigh in the determination of the freight policy and the railway companies which managed the State railways should not be allowed to control the policy in regard to freights to the detriment of industrial development. High dividends could not be allowed to be the sole consideration in fixing the tariffs.

He proceeded to give some concrete instances of railways subordinating the interests of indigenous industries to the earning

of dividends. Matches from ports like Calcutta and others were quoted special low rates while match factories in the interior had to pay higher rates. It was not right, he pleaded, that the small pioneer factories should be placed at this serious disadvantage in competition with foreign matches and that too by railways which were owned by the State, that is by the nation. Glass factories in India similarly, he pointed out, were placed at a great disadvantage by specially favourable rates for imported glassware. The glass chimneys had to pay Rs. 2-4-5 per maund for 513 miles from Ambala to Allahabad, whereas the railway freight on glassware including higher priced articles for 514 miles from Howrah to Allahabad was only Rs. 1-9-8 per maund. The fact that the quantity from a port might be bigger and that from local factories smaller was no reason whatever for a State owned railway to charge higher freights. A slight sacrifice would not make much difference to the revenue while the industry would be immensely benefited. Imported sugar received similar favourable treatment while no such concession was granted to the product of the upcountry factories. Sir Vithaldas referred further to the loss suffered by inter-provincial trade on account of the so called "block rates" quoted practically by all companies in order to draw all available traffic to their own lines. The hardship consequent on such rates might be unavoidable in countries where railways were owned by private companies but there was no justification for tolerating such rates in India where the railways belonged to the State. In fixing the tariffs, railways provided for a reduction of rates as the distance increased and as a matter of general principle that could not be objected to, but there could be no justification whatever for carrying goods for a longer distance at actually less cost than over shorter distances. Competition might account for this anomaly but it was surely unjust that the people of Lahore for instance should be asked to pay 30 per cent. more for carrying their goods over a distance of 757 miles than Delhi sending its goods over 908 miles.

Sir Vithaldas gave the peculiar instance of Broach which in old days was a very prosperous port but which on account of the absence of development of the sea route had suffered a great loss of traffic since the construction of the B. B. & C. I. Railway. From 1909 a steamship line had been organized for the port of Broach and sea transport being always cheaper than the railways, it was natural for the merchants of Broach, therefore, to avail themselves of the sea route with consequent loss to the railway, but considerable gain to the Broach merchants and traders of the places north of Broach. The railway met this competition not in a fair way by lowering its rates but by raising its rates in several cases for traffic northwards in some cases by so much as 200 per cent. The citizens of Broach petitioned to the Collector and the Government of Bombay strongly supported the contention of the people and His Excellency Sir George Clarke remarked very truly that "railways are made for India and not India for railways". He appealed to the Government, therefore, to enquire into such cases so that both routes might be kept open on fair terms and the traders might choose that which was convenient to them.

Sir Vithaldas next referred to a serious grievance of the commercial communities against the form of the owners' "risk-notes" and against the way in which extraordinary high rates, in some cases 120 % higher, were charged for the carriage of goods at railway risk. Differential rates were certainly justifiable but 120% was certainly not reasonable, inasmuch as our railway management could not be so bad that the actual average loss of goods in transit justified such heavy premium. He quoted Sir Frederick Lely's remarks, in his book, "Suggestions for the Better Governing of India", where he stated that the Traffic Manager wielded an irresponsible power for the country commanded by his railways, which should not be entrusted to any man and least of all to one who rightly from his own point of view regarded nothing but his masters' dividends, under certain wide limits set down by Government. By a slight readjustment of rates he could and sometimes

did crush a rising home manufacturer in favour of a foreign customer. Sir Vithaldas understood that the Railway Board had no power to interfere in fixing the rates provided they were within the limits, minimum and maximum, prescribed and he regretted that if that were so, the handing over to the railway companies of such wide powers in the contracts was a most unfortunate thing. Cheap carriage of goods was the main factor in industrial development and Government had still sufficient power to influence the action of the railway companies and he appealed to Government to give special instructions to the Railway Board to examine the condition of each industry and prevail upon the railway companies to fix such tariffs as would not affect them injuriously and as would also afford inter-provincial trade full scope for expansion.

Speaking on the second part of his resolution about construction of new lines Sir Vithaldas said that as pointed out by the Mackay Committee on Indian Railway Finance and Administration in their Report in 1908, the then existing 30,000 miles of railways in India even when increased in a short time to 1,00,000 miles would fall short of what would ultimately be found necessary in India. Recently very satisfactory terms for the construction of feeder lines were issued by the Labour Board but Sir Vithaldas was afraid that too much weight was being attached to vested interests in withholding sanction for new lines. As an instance, he referred to the proposal to construct a line from Ranpur on the Bhavnagar State Railway to Dholka and stated that there was no reason why the traders of Ahmedabad and of the surrounding districts should be asked to send out their goods by a circuitous route and pay extra freight on them and why that portion of the country should remain undeveloped simply because the present railway objected for fear of loss of traffic. He again gave as an illustration the refusal of the proposal of the Mysore Government to construct a line from Erode in Southern India to Nanjangud and through Mysore to Arsikere on the M. S. M. Railway. He asked whether development of this vast land should be subordinated to the

interests of the existing lines and whether the interests of the commercial communities were not to be considered. As another instance, he cited the case of the B. B. & C. I. Railway wanting urgently a link between Muttra and Aligarh which was turned down on the ground of vested interests being seriously affected. Sir Vithaldas contended that vested interests must be given a secondary place when a railway line was proposed to be constructed in some outlying tracts, whose development it would greatly stimulate. It was to the interests of the country that it should rather earn somewhat smaller return for a hundred thousand miles than earn a larger return on 30,000 miles only and run the risk of retarding the opening up of undeveloped tracts.

Speaking on the third part of his resolution, regarding the desirability of associating members of the commercial community with the Railway Board, he stated that while the members of the Railway Board had expert knowledge of railway management, they had not the same expert knowledge in industrial and commercial matters. A combination of expert knowledge in railway management with special experience in commercial and industrial affairs would be of immense benefit to the country and he pleaded that Government should devise some way to bring it about by nomination or by the constitution of an Advisory Committee.

The Council divided and the resolution was rejected, but it is interesting to note that in very many of the matters brought to the attention of the Council, the just grievances of the people have been since redressed. Commercial representatives have been made members of the Railway Board. The rate policy has been materially modified and with the acceptance of the policy of State management as and when the contracts with the companies fell due, a new leaf has been turned in the history of the railway policy and in its repercussions on India's commercial and industrial interests.

Three days after, on the 4th March 1912, Mr. Gokhale moved his resolution asking the Government

of India to take necessary steps to prohibit recruitment of Indian labourers under contracts of indenture whether for employment at home or in any British colony. Sir Vithaldas in seconding the resolution made an eloquent little speech and said that the practice of indentured labour so graphically described by Mr. Gokhale was an outrage upon humanity and he asked whether our labourers would starve if Government stopped this practice. He quoted a few lines from the Report of the Factory Commission stating that the supply of factory labour was inadequate, that there was the keenest competition among the employers to secure a full labour supply and that the attitude of the employers throughout appeared to be based on the knowledge that the operatives were in fact the masters of the situation. India could provide work for all the labourers that were going away to the colonies and they would be paid better. Even if that were not so, he questioned whether Government should allow people to barter the freedom of their men and women for a few more coppers. The English nation spent millions and millions of pounds to eradicate slavery and India was about to sacrifice 7 to 10 crores of rupees every year out of the opium revenue in order to save a foreign nation—the Chinese—from the harm that the use of opium did them. It was not only a question of hard work to those labourers recruited for the colonies but it was a question of dignity to India. He wound up by saying that when they found nations all over the world pointing out a finger to India as the only country in the world where this practical slavery of their men was tolerated, it boiled their blood. The resolution was however rejected by the Council.

Elementary Education Bill

On the 18th March 1912, Sir Vithaldas supported Mr. Gokhale's resolution on the expansion of elementary education, which had received a remarkable volume of support from the non-official community, both Hindu and Mahomedan. He expressed surprise that the opposition to the measure should have

come almost entirely from the officials and local Governments, particularly because, he knew that Government recognized that the greatest danger to good government arose from the ignorance of the masses and had passed in consequence laws and measures to protect the ryots against the consequences of their ignorance in their transactions with money-lenders and landlords. He referred to the notable instance of the Deccan Agriculturists' Relief Act and to the Punjab Land Alienation Act and recognized that Government were ready to interfere with the freedom of contract and to spend lakhs of rupees in measures to prevent other people cheating the ryots and it was surely very strange that they should be reluctant to adopt the only effective means of removing the root cause of their helplessness, *viz.*, illiteracy. Sir Vithaldas illustrated his point by comparing the Government to a physician who went on prescribing quinine for malaria, opium for diarrhœa, aspirin for headache, while entirely neglecting the root cause of the various ailments, namely, residence in a malarial swamp, and he stated that if the physician had simply advised his patient to remove to a healthy locality, he might have spared himself all the trouble and the patient all the suffering and the expense. Sir Vithaldas pointed out that in no civilized country of the world, purely voluntary measures, however liberally supported by Government, had proved effective in bringing about real mass education and that it was high time that India made a beginning in the direction of compulsion. Mr. Gokhale's bill was a very cautious and moderate one, in not asking that compulsory education should be introduced at once throughout the country and provided ample opportunities for local governments to determine whether the provisions of the Bill should be applied or not to any place. Sir Vithaldas further very truly remarked from his personal experience of the Co-operative Movement that it was the want of education that prevented the masses from taking full advantage of the beneficent measures of Government in that behalf, and in conclusion he affirmed that it would be a great disappointment to hundreds or rather thousands of intelli-

gent, educated and responsible citizens outside the Council if this extremely cautious and moderate Bill were to be rejected in deference to the strong but not very weighty opposition of the local governments.

Sir Vithaldas, as we have seen, was making his position felt in the Council not only in matters—industrial and financial—but also in questions of public importance like some of those we have mentioned above and his speeches were characterized by a clearness of vision, a true perception of the realities of the situation, a vivid understanding of the interests of the people of India and yet by a studied moderation and desire for compromise so necessary to maintain good feelings in the midst of heated controversy, particularly in political matters. He worked shoulder to shoulder with his friends like Mr. Gokhale who towered high amidst his fellows in the Council because of his skill in debate, mastery of figures, grasp of facts and moderation in expression and expectation.

Gold Standard Reserve

On the 22nd March 1912, he moved his resolution on the Gold Standard Reserve, recommending that a substantial portion thereof should be held in gold in India. The Chambers of Commerce had repeatedly demanded this and had pointed out more than once the danger of diverting any amount of the gold standard reserve to any other purpose or of investing it permanently in gold securities, because in that case the gold might not be available when we badly wanted it in the event of panic or war and it might be very very difficult for India to maintain a gold exchange standard. With the great sensitiveness of the money market, the slightest breath of suspicion about the gold in the reserve not being readily available to maintain the exchange would entail heavy loss on the people and a great diminution of the prestige of the Government and all the labour of years in creating confidence in the outside world would be lost. Government contended that the holding of liquid gold in India itself would entail loss of interest which India earned by investment in gold securities and that the duty of the

Government of India in maintaining the gold value of the rupee would be simplified by locating the gold in London, since gold would be immediately available in that case when required to support the exchange. Sir Vithaldas failed to see how the location of gold in India would make this duty of the Government any the more difficult, inasmuch as it would be easy for Government to deliver gold in India to those who wanted it in exchange for rupees as it was easy for the Secretary of State to deliver it in London. As to the second argument about earning interest, experts held that Government were taking a very great risk by investment. The gold standard reserve was being maintained for the sake of serious emergencies and should such emergencies arise, it would be just then extremely difficult to realize rapidly the securities in England. Indeed the emergency would be considerably aggravated if it also meant the realizing of a large quantity of British securities. Sir Vithaldas further stated that India would not be the only country which had to maintain a metallic reserve of gold. The United States then (as also now in a much larger measure) had the largest stock of gold amounting to over 233 millions sterling *i. e.* over eleven times our gold standard reserve. France and Russia similarly had large gold reserves and these countries rightly realized that their credit and honour and existence stood upon the gold reserve and they knew that it might be required at any time in an emergency. The financial advisers of the Secretary of State could not be expected to be wholly free from a certain bias, connected as they were with powerful banking organisations in England. The Fowler Committee had recommended that any profit made on the coinage of rupees should be kept in gold as a special reserve and he warned that the Secretary of State was incurring a very great responsibility in disregarding Indian opinion and the authoritative independent advice of the Committee.

In addition to this, the Secretary of State had been withdrawing large sums of money from the Indian Paper Currency Reserve and the explanation was the heavy sales of council bills

and telegraphic transfers in excess of the requirements of the home treasury, which explanation, as Sir Vithaldas pointed out, explained nothing. In easy seasons, while India clamoured for money, while the bank rate of interest on the security of Government paper went up to 8%, while the industry and commerce of the country suffered by the high rate and sometimes found difficulty in getting money at all, the Secretary of State kept millions and millions of Indian cash invested by him at a nominal rate of interest with London bankers and financiers—a policy more unsatisfactory than which it was difficult to conceive. To export all available capital to London and starve our banking institutions to the detriment of the popularity of our own paper was an amazing policy, indeed. Sir Vithaldas showed that the craving for investing India's money in London was great and the Secretary of State was so much influenced by the London money market that his Council might be said to be one of the biggest financial houses in London and he quoted Lord Morley's remarks at the Annual dinner of the English Association of Bankers on the 10th May 1911 where his Lordship had mentioned that the India Office was responsible in 1910-11 for £160 millions (*i.e* 240 crores of rupees) over and above the accumulated funds of the Gold Standard Reserve, namely, £17 millions and of the Paper Currency Reserve, namely, £7½ millions. Apparently the India Office had undertaken the additional duties of being a great banking house for financing the London money market, and it was not to be expected that those who controlled those investments would be easily persuaded to relax their hold on our money and leave it free to return to India. Lord Morley had sought to justify those transactions on the ground that they were dealing with British capital for the most part, but Sir Vithaldas questioned whether the whole of the gold standard reserve which was the accumulation of our profits on the coinage of rupees and the Paper Currency Reserve were British capital. Even the large cash balances of the Secretary of State accumulated by the heavy sales of council bills and

telegraphic transfers in excess of the requirements of the home treasury could not be regarded as British capital. With our gold in India we might be able in times of emergency to be of service to the London money market and with the distribution of our gold in all the important centres in India it might be possible to make all currency notes universal, thereby popularizing paper currency and largely increasing its circulation.

The resolution evoked a keen debate and in the course of his reply, Sir Vithaldas regretted that Government were not willing to accept it. He reiterated his contention that the Secretary of State's policy was largely determined by his advisers who were directors or governors of the big English joint-stock companies, who would naturally insist upon the Indian gold being retained in Britain. He quoted a brief account of an instructive discussion on Indian commerce under the auspices of the London Chamber of Commerce in the month of February of that year where Sir Felix Schuster, member of the Secretary of State's Council, unwittingly admitted that England preferred to have the Indian gold there rather than in India. Sir Vithaldas refuted the Government member's argument that if they brought all their gold to India, they would have to export it when the balance of trade was adverse, by pointing out that it was only rarely that the visible balance of trade went against India. He again pointed out that it was Indian gold and that as such it ought to remain in India. A gradual withdrawal of gold would not seriously inconvenience the London financiers and would lead to the strengthening of the London gold reserve itself. He brought forth again his argument relating to the bank rate and he pleaded that his resolution should be accepted or at any rate it should lead at least to an earnest consideration of the position. On a division, 24 members—all non-officials including one European—voted for the resolution and all the officials, 33 members, voted against it and the resolution was rejected.

On the same day, Sir Vithaldas moved another resolution

recommending that the Indian mints be thrown open to the free coinage of gold in coins of suitable denominations. He had recommended the year before in his Budget speech the throwing open of the Indian Mints to the free coinage of gold and had proposed the minting of gold coins of rupees ten each. There was a good deal of animated debate both in England and in India and Government were supposed to be giving due consideration to the proposal though nothing had so far come out of it. There had never been the least doubt that the aim of their currency policy was a gold standard with a gold currency. The only reason which weighed with the successive committees and commissions in not recommending the immediate introduction of a gold currency was the want of gold and the difficulty of securing it except by raising a very big gold loan. He proved by quoting extracts from speeches and memoranda that not only the committees and commissions but also the Secretary of State, the Government of India and commercial communities had all been unanimous in their opinion that the only solution of the difficulties inseparable from the present state-managed gold exchange standard system was the introduction of a gold currency. Every day that passed involved a loss to India and added to the difficulties in the way of the introduction of a gold currency. They had now a favourable opportunity; they were getting in the government treasury more gold than they could conveniently hold; the whole of their gold standard reserve was either in gold or invested in gold securities; even all their reserves against the Paper Currency were held in gold; no new additions since 1907 had been made to the country's rupee currency and unless Government facilitated the reception of gold coins by the public by some such measures as those suggested in his resolution they would have to coin rupees as the only means of meeting the demand for metallic currency. Coining more rupees would however make the introduction of gold currency which was their aim still more difficult. Besides a sudden inflation

Free Coinage of Gold

of a country's currency always tends to raise prices and should therefore as far as possible be avoided. There was no danger, according to his proposal, of their having to touch the gold standard reserve, or the gold disappearing into the hands of the people and of the Government having difficulties in maintaining the gold standard without raising a gold loan. With their expanding trade and favourable balance, gold would continue to be imported in ordinary times and if minting facilities were provided in India, it would go into circulation. It had been contended that the Indian people were too poor for a gold currency, but Sir Vithaldas argued that if the people were rich enough for a gold standard they could not be too poor for a gold currency. As things were, they had all the disadvantages of a gold system without its advantages. It had also been contended that gold coinage was not needed in India, for whoever might require gold coins might import the English sovereigns. To that Sir Vithaldas replied by stating that India produced three million pounds worth of gold from its mines and it was anomalous that that gold should be exported to London to be minted there and that sovereigns should be imported into this country. Gold coinage would mean less state management of our currency and an automatic financing of the trade by the import and export of gold. In concluding, Sir Vithaldas reiterated that his resolution asked for no more than what the Fowler Committee recommended and than what had received the sanction of Lord Curzon's Government and the then Secretary of State, and he emphasized that the adoption of his resolution would in the words of Sir James Meston "obliterate all the mistakes, all the inconveniences and all the artificialities of our present position". In the course of the debate the Hon'ble Finance Member gave an assurance that he was doing his best to get the sanction of the Secretary of State whereupon Sir Vithaldas withdrew his motion.

Review

Towards the end of 1912, the health of Lady Premcoover Vithaldas began to fail rapidly and in spite of all loving care and ministrations and

all expert medical treatment, she went on declining and died on the 5th of December that year. This was a very serious blow to Sir Vithaldas indeed. Further in the new elections to the Bombay Legislative Council, Sir Vithaldas failed and as he represented the Provincial Council in the Imperial Legislature, he lost his seat in the Imperial Legislative Council also from 1913. His career in the Imperial Council thus ended in 1913. So far he had done good work—very good work—in the Legislatures. His period of three years in the Imperial Council was marked by work of a very high order, both as regards the resolutions he proposed and the general interest he took in the deliberations of the Council. He became a front-bencher in the very first year of his membership. That Council was not barren in talents then; and there were stalwarts in those days in the Council though they naturally suffered from being in a minority against the serried official and nominated ranks. Sir Vithaldas came to be easily recognised as a stalwart, especially on commercial and financial matters with regard to which there was hardly any one to beat him either on the official or non-official side. He had a broad and catholic vision and an intimate knowledge of matters, commercial and financial, to which he added a studied, deep and analytical mind to all the problems which confronted the country then. Even the present day Governments can well take a lesson from his pregnant saying during his Budget speech that the secret of good government is economical government. His demand for an adequate and effective voice in the management of finances showed clearly how our present day fight for financial "Swaraj" has evolved slowly and steadily from the past struggles of eminent leaders like Dadabhoy Nowroji, Ranade, Gokhale and Thackersey. It may be said that his resolutions on the free coinage of gold in the Indian mints and on the gold standard reserve in India display a profound economic thought and have contributed not a little, being quoted and re-quoted in subsequent years, to the development of the views of the commercial com-

munity on financial problems. After a lapse of so many years and after so many vicissitudes, both political and financial, the economic thought of the country has not yet taken away its moorings from them. His well-known resolution on railways has been as useful in the sphere of railway economics as the other two resolutions were with regard to the two financial questions. It shows how prophetic was his insight into the economic problems of the country, several of the points touched by him having formed the basis of agitation in the succeeding years and having either been accepted or at least largely discussed and threshed out in reports of committees or in representations of the commercial community.

# CHAPTER IV

## THE LEGISLATIVE ASSEMBLY

*Entry in the Legislative Assembly. Purchase of stores. Currency and Exchange. Railway policy. Speech on the Budget, 1922. Cotton excise duty. Government's borrowings. Duty on silver imports. Sir Frederick Whyte. Resignation from the Assembly.*

**Entry in the Legislative Assembly**

Sir Vithaldas did not seek re-election after the loss of his seat in 1913. In 1921, the Montague-Chelmsford Reforms came into operation and the Bombay Millowners' Association returned Mr. Rahimtullah Currimbhoy as their representative to the newly formed Legislative Assembly. Mr. Rahimtullah unfortunately died after only one session and Sir Vithaldas was returned by the Bombay Millowners' Association in his place. It was the September session of the Assembly held at Simla, which he therefore attended. Sir Vithaldas had returned from his world tour and had renewed his association with public bodies like the City Improvement Trust and the Bombay Port Trust as representative of the Millowners' Association and the Indian Merchants' Chamber. He felt quite well again in health but he considered it yet necessary to be very careful as to how hard he should work and yet he acceded to the desire of the Bombay Millowners that he should represent the Association at least during the next year when some of the most important questions such as tariff, fiscal autonomy, labour legislation, income-tax and exchange were coming up. It was however a brief period of service that he put in the Assembly, since his health began to fail and his death occurred in August 1922. Sir Vithaldas was,

however, no longer a tyro in public affairs. He had made his mark already as a stalwart and his reputation which had suffered a temporary eclipse due to the failure of the India Specie Bank in 1913-14 stood now higher than ever as a strong personality with unique powers for organisation of industries and with a clear vision of the true needs of the country. In the short space of his association with the Legislative Assembly, he was, therefore, able to move very important resolutions and his speeches in support of these resolutions make very good and instructive reading.

Purchase of stores

His very first resolution was a very important one on the subject of the purchase of stores by the High Commissioner for India. The resolution recommended to the Governor-General in Council that the High Commissioner for India in London should be instructed by Government—

1. To buy ordinarily the stores required for India in the cheapest market consistently with quality and delivery, and every case where this rule has not been followed, should be communicated to the Government of India with full reasons for the information of the Legislative Assembly.
2. That when placing large orders, the High Commissioner should insist that the contracting parties, if required, shall give every facility for admitting, as apprentices in their works, Indian students to acquire practical knowledge of the manufactures.

In support of this resolution, Sir Vithaldas made a very lucid, convincing and moderate speech. Buying in the cheapest market was a common sense rule which every business man follows and normally no resolution was required to merely emphasize that point, and yet there had been great agitation in England by the manufacturers, both in the House of Commons and outside in the press, that all the stores required for India should be purchased in England from them alone. The Secretary of State while raising a loan of seven and a half millions sterling in London at 7% per annum undertook strangely that the whole of those seven and

half millions sterling would be spent in England for the purchase of railway stores. He quoted extracts from the evidence of Sir William Meyer before the Railway Committee in support of his statements about the unfair pressure which prevented the purchase of Indian stores in the cheapest market. Sir William had said that he was between Scylla and Charybdis. There was the Indian opinion demanding that he should purchase in the cheapest market and there was a great deal of pressure from various sides in England to deal with British firms and companies, who argued that it was very hard that they should be penalised by the abnormal advantage obtained by Germany through the rate of exchange and that they had served India well in the past. Sir William stated that he had always taken up the position that while it was not the business of the Indian taxpayer to subsidize British industry and labour, one might within certain limits give a bit of preference to people who had dealt previously with them. Explaining the system he followed, Sir William had stated that he adopted the principle that on occasions when the lowest German tender, say, was considerably lower than the lowest British tender, he indicated confidentially the terms of the German tender to the British manufacturer and asked him if he would come down and sometimes he came down to an extent that justified him in giving the business to him. When hauled up by Mr. Purshottumdas Thakurdas, a member of the Railway Committee, for this unfair treatment of the foreign tenderer, Sir William had frankly admitted that the criticism was absolutely just, but he had pleaded the very abnormal situation in which the Germans, thanks to the exchange position and the necessity of having to pay a huge amount by way of reparations, had been putting up an artificial price and he had with commendable frankness admitted that he did not want to see British manufacturers ruined by German artificial prices. Sir William had further mentioned that he had always been willing to accept a satisfactory Brisish tender in preference to a foreign tender when the gap between the two was not excessive and

explained that the limits of the gap would ordinarily be 10% but might in special cases go up to 20 per cent. Sir Vithaldas quoted these remarks of Sir William Meyer and pointed out that it was not merely Germany that was selling cheap but also Belgium and America and exposed the hollowness of the plea that India should not take advantage of the artificial prices of Germany on account of reparations by stating that as those reparations had to be paid for 30 years it was absurd to pay 20 per cent extra to the British manufacturers for those 30 years. Sir Vithaldas further explained how even the 10 per cent. difference amounted to a very large sum since India was buying stores to the extent of some millions of sterling in England, the cost of railway materials alone amounting to about 14 million pounds. The total expenditure on purchases by the local governments as also by the Central Government for the Army, for Bombay Development and for the construction of New Delhi was considerable and he estimated that even on an average of 10 per cent preference to the British manufacturer, the loss to India was more than three crores of rupees per annum. Sir Vithaldas suggested that the British manufacturers would be able to hold their own when they were told that India refused to give them 10 per cent preference for they were organised sufficiently, they had vast reputation and capital; everything was in their favour and they could certainly supply stores at the market rate. If Germany and Belgium were working hard, manufacturers in England would have to tell their labour to work equally hard or accept the wages prevailing in the world. Sir Vithaldas naively quoted the Government resolution of 1913 with regard to the purchase of stores of Indian industries which ran as follows :—

"All articles which are purchased in India in the form of raw materials or manufactures in India from materials produced in India should by preference be purchased locally provided that the quality was sufficiently good for the purpose and the prices not unfavourable".

There was no question of giving 10 per cent or 20 per cent

more for even indigenous articles and where was the sense, Sir Vithaldas wondered, in not applying the same rule to British manufactures.

With regard to the second part of his resolution Sir Vithaldas stated that it was common sense to make such a condition for the training of students in the foreign factories and quoted the example of Japan, which always made a condition for the admission of Japanese students into factories whenever it placed orders with foreign manufacturers and which had succeeded very well in getting hundreds of students thus trained up in manufactures and becoming valuable national assets in the industrial development of their country. The resolution was accepted by the Assembly with the omission of the second part and it has been instrumental in moulding the policy of the Government of India to no small extent with regard to the purchase of stores by the High Commissioner. The half yearly statements which began to be issued by the High Commissioner since that time showing the reasons (if any) for not placing the orders with the lowest tenderer were keenly criticized by the Indian Chambers of Commerce and there was a strong public opinion formed with regard to the purchase of stores which has now come to be organised more or less in accordance with the principles laid down in Sir Vithaldas' resolution accepted by the Assembly.

Currency and Exchange

Early next year Sir Vithaldas brought forward another resolution of outstanding importance regarding the currency and exchange. The commercial community had strongly condemned the report of the Babington Smith Currency Committee, the bottom from which was taken away by the sagging of silver prices, since the members of that Committee had based their conclusions entirely upon the soaring prices of silver, despite the warning given by the only Indian member of the Committee, Sir Dadiba Dalal. Sir Vithaldas now wanted the mistake committed by Government in following the report of that Committee

to be rectified and the unnatural ratio of 2s. placed on the statute book to be scrapped. His resolution asked for the appointment of a committee with a majority of Indian members to consider (1) the present policy of currency and exchange (2) the opening of the Indian Mints to the free coinage of gold, and (3) the location of the gold standard reserve in India. Speaking of the Committee, Sir Vithaldas stated that it was India's misfortune that when questions of currency and exchange, questions of life and death to the trade and industries, were being considered, Indian representatives on the Committee should not have been in sufficient numbers to make their influence felt. The rupee was stabilised at 1s. 4d. for a quarter of a century and it was very dangerous to play with the settled ratio of exchange to cure the evils of high prices inasmuch as a few years after, another Government might reduce exchange in order to cure trade depression. The Committee itself, Sir Vithaldas pointed out, had suggested that the problem would have to be viewed afresh if their assumption of a high level of prices turned out to be wrong. Prices then had fallen not only of silver but of many other commodities including their leading income crops ; the contingency contemplated by the Babington Smith Committee had arisen ; and it was necessary that an expert committee should be appointed and that the Indian views must be properly heard. The statutory 2s. ratio was doing the greatest mischief to the commercial community. One thing more than any other which disturbed the regular trades was the uncertainty of exchange and it was extremely desirable that the statutory standard should be brought down to such a level as to create the minimum disturbance in the trade. There was no doubt, Sir Vithaldas urged, that an unduly manipulated exchange would do great harm to all kinds of interests in India and illustrated his point by referring to the agriculturists who would under the artificial 2s. ratio get 40 per cent less for their produce and as the Government would continue to collect revenue in the appreciated rupee, the land tax would automatically be raised

by 50 per cent. The development of the industries would be retarded, the foreign manufacturer would be getting a bounty of about 50 per cent and foreign competition would be unduly keen.

About the second part of his resolution Sir Vithaldas had not much to urge since the Government had accepted the policy of opening mints to the free coinage of gold and had arranged with the Royal Mint to open a branch in India but had to drop the scheme because of the War. The Babington-Smith Committee had also recommended that a branch of the Royal Mint should be opened as soon as possible and Sir Vithaldas very rightly urged that until India had a proper gold currency it would be never free from the anxiety of currency problems off and on. He warned Government that India would not stand any further the policy that had been followed in the past of pouring in India as much silver as possible and preventing gold from entering it.

As regards the third part of his resolution Sir Vithaldas referred to the resolution that he had moved in 1912 on the subject when all the Chambers of Commerce were unanimous that the gold must remain in India and he asked what the effect was while the country fought and the gold remained in London. It was invested in long term securities, the value of which went down because of the war and a large amount of the Indian gold standard reserve had to be written off. The Babington-Smith Committee too had recommended that half of the gold standard reserve should be brought into India. In spite of the passing of two years and a half since the report, not one ounce of gold of their gold standard reserve was brought to India. It was high time now, Sir Vithaldas urged, that they should insist that their gold must be kept in India.

In the course of his reply, Sir Vithaldas refuted the arguments advanced by Sir Malcolm Hailey about the Secretary of State being too poor to artificially raise the exchange to 2s. and asked for an assurance not that he was too poor to use his powers for manipulating exchange but that he would not use those powers,

The Secretary of State did utilize these powers in 1920 and in early part of 1921 in selling reverse council bills and landed merchants in heavy losses. It was no use saying, Sir Vithaldas pointed out, that Government did not intend to sell reverse councils unless they went to the House for permission ; that Government need not sell reverse councils in order to raise exchange, that gold resources might be used for the purpose instead ; that it might refuse to sell council bills ; that loans in England might be raised ; and that artificially the exchange could be raised in other ways than by selling reverse councils. About the gold standard reserve, Sir Vithaldas summarised the history in a few words by saying that it was kept in England at first and lent to the English banks at a low rate of interest. When India protested against that policy, the Secretary of State invested it in long term securities. India again protested and the Chamberlain Committee also condemned the policy. Our funds were then invested in the Treasury Bills, which was not less dangerous. India had 30 million pounds in London before the War broke out. Instead of getting our gold back during the war, we had to go on accumulating it there and our funds went up to between 150 and 180 millions pounds. At that time there was a currency crisis in India ; we had no silver ; we had no gold. If gold had been brought out, we would not have had to purchase silver at 50 or 60 d. ; but London did not return us our gold. The treasury bills could not be sold when panic arises because of War breaking out, when we badly needed our gold. Sir Vithaldas finally appealed to the House to remember that the question was too serious, that they must bring their gold back, and that they must take away the power from the Secretary of State to manipulate the exchange. The resolution was lost—37 members voting for and 41 against it.

Railway Policy

On the 2nd March 1922, Sir Vithaldas brought forward an important resolution on Railway policy, which has proved a landmark for the subsequent policy adopted by the Government as

also by the public with regard to these questions. The resolution asked for the appointment of a committee consisting of members of the Indian legislature to consider the steps to be taken to encourage the establishment of the necessary railway industries so that as large an amount as possible of the Rs. 150 crores proposed to be set aside for the rehabilitation of the railways during the next five years might be spent in India. In support of the resolution, Sir Vithaldas referred to the fact that the Railway Finance Committee reporting upon the financial provisions arising out of the Acworth Railway Committee had reported that Rs. 150 crores would have to be spent for capital expenditure on railways during the next five years and that Rs. 30 crores would be probably required per annum during the subsequent five years. That meant that during the next ten years India would be spending about Rs. 300 crores for its railway purposes alone and it was natural that those 300 crores should be retained in the country as far as possible by special efforts in the direction of the development of industries, manufacturing railway materials. Government had given indications more than once of their willingness to encourage the establishment of industries in India; they had appointed the Industrial Commission in 1916 which went thoroughly into several problems of industrial development; the Stores Purchase Committee was appointed in 1919 which made an excellent report; a Chief Stores Purchase Officer had already been appointed but so far no actual steps seemed to have been taken to encourage industries. The report of the Stores Purchase Committee was full of valuable suggestions indicating the necessary action which could be taken by Government for the purpose. It had suggested the guaranteeing of orders for a limited period, placing of orders at favourable rate for a limited period, favourable railway rates, and a revision of the fiscal policy of Government with a view to the protection of local industries but it had further added that in their opinion the conditions under which contracts were placed in India should be assimilated to those attached to contracts entered into by the

Director General of Stores at the India Office which then were in some respects more favourable to the British manufacturers.

Sir Vithaldas urged that immediate steps should be taken to prevent orders worth crores and crores of rupees for railway purposes being placed with British and foreign manufacturers. If the goods wagons manafacturing industry were properly encouraged, it would keep in India Rs. 62 crores during the next 10 years, the coaching vehicles industry would similarly give us Rs. 36 crores, and the bridge industry another Rs. 8 crores. In all countries the existence of Government depends upon the will of the people ; and the patriotism of the officials would be a sufficient stimulus to place orders with indigenous manufacturers. In a self-governing country, such a resolution, as he had brought forward, would have been unnecessary and it was a pity that an appeal to Government in India was necessary to take immediate steps to make the country as independent as possible, in the matter of railway and other stores. The policy which Government followed in respect of the purchase of rails from the Tata Iron Steel Co., Ltd., should be followed more vigorously and liberally for the purchase of other stores also. The question of a little higher price to be allowed to Indian manufacturers need not be discussed that day since the Fiscal Commission would consider the matter of protection to industries generally. Sir Vithaldas suggested that anti-dumping legislation like what Great Britain had given to England and Canada to Canadians might be necessary as in the case of the goods wagon-making industry, where a very strong ring of English manufacturers had resolved to dump wagons for the time being in India. With proper encouragement and with the introduction of economic plants and up-to-date methods, India could supply most of her requirements and the drain of money that was going on then would be materially restricted. The home charges, interest charges and several other charges of the Secretary of State's departments constituted a drain which could not be avoided ; but there was no reason why to this should be added

Rs. 150 crores and the country should be pauperized to that extent.

In the course of his reply Sir Vithaldas complimented the officials of the Government of India for their conscientiousness and their desire to serve Indian interests but he referred to the irresponsibility of the Executive and the pressure from outside which led to dilatory methods, circuitous procedure and shortsighted policy. Time was of the essence of industrial development and it was better to confine action to metallurgical industries in the first instance than to wait for an indefinite time for long reports of committees, action on the recommendations of which might involve inordinate delays. He wound up by saying that they must go ahead. "In our haste," he said "we may make mistakes ; in our haste we may lose ; but it will pay India a thousand times to begin, to lose, and be successful than not to begin at all," and the resolution was accepted by the Assembly with the addition of the clause "and further to advise the Government of India in regard to the revision of the Indian Stores Rules."

It is interesting to note that an echo of this discussion was heard on the 19th February 1934, on the occasion of the debate on the railway budget in the Legislative Assembly. Sir Leslie Hudson looked forward to the time when locomotives would be manufactured in India, for there was no reason why skilled mechanics should not be brought out from England to teach how to construct locomotives. Sir Joseph Bhore assured the House that the question of locomotives being built up in India had already been taken up and the possibilities were being examined.

**Speech on the Budget, 1922: Cotton Excise Duty.**

On the 6th March of the same year Sir Vithaldas made a speech on the Budget which was remarkable for the strong criticism of the policy followed by Government regarding the cotton textile industry. *The Times of India* in its issue of the 7th March remarked that the best speech of the day was that of Sir Vithaldas, who christened the Budget "an insolvency Budget" both in res-

pect of the financial position and the method of taxation. He associated himself with previous speakers in condemning the large and increased expenditure on the military side of the budget and in their strong condemnation of the excise duty and the duty on machinery. He ridiculed the notion that it was sheer financial necessity that compelled the Hon'ble Finance Member to make those proposals, and he referred him to the debates in the year 1894 when members of the Government had admitted that the excise duty on cotton was not approved of by them as being in accord with sound principles of taxation but that they had to levy the tax because they were compelled by the Secretary of State to do so. At that time protests were made inside the House and outside in the country and when sheer protests did not count for anything, the great movement of Swadeshism had its birth. He reminded the House that no country in the world taxed its own industries and particularly industries like the cotton industry which, if properly encouraged and helped, would be able to supply 80 per cent of the requirements of the country. Sir Vithaldas further showed that the duty was not a tax on profit but it was a tax on production and it weighed most heavily when a depression in their trade occurred and it was most unfair that in times of trade depression while you had to show a loss in your mills you had to pay a lakh or a lakh and a half by way of taxation. He pointed out that the principal competitor in the Indian market was not Lancashire but Japan. With their bounty-fed freights, their low cost of transport for importing raw materials, both from India and America and for sending out their products, with their home market fully protected, enabling them to dump goods in India and elsewhere made the Japanese formidable competitors of India. He repudiated the principle of the countervailing excise duty and urged that a home industry was not to be taxed simply because you imposed an import duty for revenue purposes. Examining the argument of the Hon'ble the Finance Member that the duty was ultimately paid by the consumer, Sir Vithaldas proceeded to

point out that the total amount of duty paid, with the income-tax and super-tax and with the duty on stores and other articles, came to about more than 10 per cent on the cost of production and if the duty was increased by 4 per cent as proposed, it would come to over 15 per cent on the cost of production. In that way, the poorest of the poor would have to pay 10 annas per head more for his clothing which was as necessary as food or salt. The cotton industry paid the Government in the previous year by way of income-tax and super-tax something like Rs. 3½ crores and by way of excise duty a little more than Rs. 2 crores. If the needs of the country were greater and if the industries had to be taxed, the cotton industry had not the slightest objection to bearing a further share but he pleaded that the tax should be on all industries equally and not on the cotton textile industry alone.

On the 20th of March, the Finance Bill was duly presented to the Legislative Assembly and the motion for increasing the cotton excise duty from 3½ per cent to 7 per cent brought forward by Government evoked a keen debate which gave Sir Vithaldas ample opportunities to show his forensic talents and his skill in the debate which opportunities he made full use of.

In supporting Mr. Jamnadas Dwarkadas who had opposed the motion Sir Vithaldas referred to his speech during the budget discussion on the subject of the cotton excise duty and traversed over much the same ground refuting the argument based upon a deep concern for the consumer and the one based upon high profits and dividends earned by the millowners. Sir Vithaldas remarked that the Jute Mills declared dividends which were much too high, 140 per cent, 190 per cent, 215 per cent and in one case even 400 per cent in 1918 and properly turned the tables by saying that if they wanted to tax production why not tax jute. Arguments, like those, he submitted, from a responsible member of Government could only be used in India. In no self-governing colony or in Japan, in Germany, or even in England, could such an argument be tolerated at all. To say that Indians would make

money if they were given the advantage of an import duty and that that advantage should be stopped is an argument which in no case would this House and the representatives of the people accede to.

Government borrowings

Proceeding on to the finances of the Government of India, in the course of his speech on the Budget, Sir Vithaldas stated that the position of Government was very serious indeed. It had provided for raising Rs. 25 crores in Indian Loan, £ 17½ millions in England, that is, about another 25 crores of rupees, and Treasury Bills to the extent of 130 crores. The rest of their requirements, namely, 39 crores they proposed to transfer to the Paper Currency Reserve. All that meant that Government was to have or must have 212½ crores of rupees in order to conduct the affairs of the country. He pointed out that in previous years even for smaller loans of four or five crores only, the Finance Member had to tour consulting merchants and bankers, whereas now it was amazing to see that Government proposed without any previous consultation to raise such a huge sum by way of loans in England and India through Treasury Bills. Government had to pay higher rates and that was due not to the want of credit but to the enormous amounts required, which set up a most unhealthy competition between the merchants and Government with the resultant rise in the rate of interest. Sir Vithaldas complained that the military expenditure was inordinately high and that the salaries of all civil officers were increased. He traced the causes of the present troubles back to the year 1917-18, when India sent exports without receiving payment for them in cash and its balances in England increased in 1919 to something like £ 150 to 170 millions, which were invested there and only returned to us when the currency crisis came in by the reverse councils at the pitifully small rate of Rs. 8 to 10 per pound. What that meant to India by way of loss, whether 50 crores or 70 crores could only be calculated, he naively remarked, by a Government

department. Then came, he stated, that mad policy of raising our exchange from 1s. 4d. to 2s. in spite of strong protest and following it up by the still madder policy of selling reverse councils and forcing reserve councils. Sir Vithaldas pleaded that Government should reduce their Budget deficit by at least 11 crores of rupees and pointed out that the 6 crores from the interest on the Paper Currency Reserve investments and from the excess of the gold standard reverse should be credited to the general revenues and for the other five lakhs, he would turn to the money which was now debited to revenue for the purchase of railways and which could be made a capital charge. Sir Vithaldas in conclusion took a strong line about the military expenditure when he stated that when the Finance Bill was placed before them on the 20th of March the House must get an assurance of an honest attempt to make a reduction in the military expenditure, failing which it would have to consider seriously whether it should take the further responsibility of taxing the country to the extent of Rs. 30 crores that year or not.

When the Finance Bill was presented to the Assembly, Sir Vithaldas attacked the argument of the urgent need of money required to make the revenue balance the expenditure by comparing the matter with the case of a prodigal son who spent away all his money, his father giving him more and more until the son got spoilt and the father insolvent. Sir Vithaldas showed his mastery of details and skill in finance when he exposed the arguments of the Government benches and proved how the apparent deficit of Rs. 2¾ crores was really a surplus of about Rs. 5½ crores, if the interest on the investments of the Paper Currency Reserve, the interest on the gold standard reserve and the transfer of the annuities to capital account be taken into consideration. It was a false and misleading accounting that showed a real surplus as a deficit. As a result, the Assembly threw out the motion of Government for an increase in the cotton excise duty.

The next day Sir Vithaldas had occasion to oppose the pro-

posed imposition of a duty on silver imported into India, in the course of the discussion on the Indian Finance Bill. Sir Vithaldas had already expressed his views on the subject convincingly on a previous occasion in the Imperial Legislative Council in 1910 and he strongly opposed the proposed duty as a means of steadying India's foreign exchange and exposed the hollowness of the argument by stating that if a duty of 2 annas in the rupee or four annas per ounce was the right method of steadying our exchange that argument taken to its logical conclusion meant that prohibition of silver would have been the easiest way of getting our 2s. rupee. Here Mr. Reginald Spence, the mover of the proposed amendment, interrupted by asking who wanted a 2s. rupee and Sir Vithaldas immediately countered the interruption by saying that he was glad that they did not advocate that high ratio. In his opinion the proper method for Government was either to formulate a considered scheme and circulate it in the country and then bring forward the Bill to give effect to the scheme when approved by the country; but it was hardly fair that a private member should spring a surprise of this character without the country knowing what the proposal was. It had been argued that by raising in this manner the price of silver the value of the savings of the poor would also be raised; but the absurdity of the argument was exposed by him by stating that after all, the value of silver and the value of the savings of the poor would be what the silver was worth in the world and not what they could make it worth by artificial means in the country. Let them not run away with the idea, he warned, that silver was a rich man's luxury and therefore it could be taxed without imposing a burden on the poor. India has been regarded as a sink of precious metals, but let those who thus argued not forget that there were over 30 crores of people and that even if they put down each man's consumption at 8 annas worth of silver it meant 15 crores of rupees. India was a big bullion market and a proposal of this

Duty on silver imports

character, Sir Vithaldas pleaded, should not be accepted so hurriedly without giving an opportunity to the country to give an opinion on it. Eventually the motion was negatived.

Sir Frederick Whyte

Sir Frederick Whyte, the the first President of the Legislative Assembly, vacated his office and Sir Vithaldas entertained him at a dinner at the Maiden's Hotel, Delhi, on the 24th March 1922. Sir Frederick had as President of the Assembly won the appreciation of all by his qualities of head and heart and by the impartial manner in which he had conducted his work and had established high traditions for the office he was vacating. Sir Vithaldas in proposing the toast of the health of Sir Frederick made a complimentary speech, pointing out that the chair of the President was not a bed of roses, the work in the Assembly requiring a considerable amount of tact, good humour, *sang froid* and knowledge of constitutional methods and procedure. He referred to a remarkable change in the Assembly in the matter of formation of parties. He admitted that the parties in India could not possibly be formed on the lines followed in England, where members of each party practically held the same views in a matter of policy. In England the party by its policy and good work could hope to be in power ; while in India whatever the ability of the party, it could only be in the happy position of an irresponsible critic. Sir Vithaldas had formed the Democratic Party and he stated that one great advantage it had secured was that it enabled members from different parts of India to get an opportunity of exchanging views and studying the questions from different points of view and thus evolving a common basis of action, the chief result having been that they were able to press their points with greater force in the Assembly. He referred to the loss that the country had suffered by the resignation as Secretary of State of the Right Hon. Mr. Montague, whose eminent services in connection with the introduction of the Reforms and thereafter had made his name almost a household word in India. Since then pro-

nouncements had been publicly made about the subordinate position of the Government of India and it was highly probable that the proposals of the Government might not receive a sympathetic hearing from the Secretary of State which they were receiving till then and it was the duty of all, whatever party label they might have, to join hands in supporting the policy of the Government of India which they had every reason to believe would be to lead India to the goal of full Dominion Status.

With this came to an end the association of Sir Vithaldas with the premier legislature of the country. Before the next sessions could meet, his health gave way and he resigned his seat in the Assembly in July 1922. Within the very short time that he was connected with the Legislative Assembly he had attained considerable eminence and respect in that body, so that his resignation was received with considerable regret by many. The Honourable Sir Charles Innes, Commerce Member of the Government of India in his letter of the 2nd August 1922 regretted the resignation very much not only because—

Resignation from the Assembly

"We shall miss you in the Assembly but also because I personally shall miss you very much both in the Central Advisory Council and in the Railway Industries Committee."

Mr. M. K. Reddy recognised that—

"You have been to us a safe guide and adviser on all important questions on finance and commerce, a valued leader and a tower of strength to the Democratic Party."

Mr. Pyari Lal felt that—

"The Legislative Assembly is the poorer without you. In you, we have lost the only gentleman we had who could maintain his own in commercial and financial subjects."

Lala Girdharilal Agarwala considered that the Democratic Party had lost its backbone. Mr. C. Subramanyam wrote—

"At a time like this, your retirement from the Assembly is a serious loss to the country. Your work in the Assembly was of an epoch-making

character. Each session, you marked your presence by some striking piece of work of lasting beneficial character."

Mr. K. Natarajan stated—

"Within a very few months, you had become the spokesman of non-officials in the Assembly and I have heard several members say that they looked to your lead and guidance in these matters."

In spite of all efforts which medical science and careful nursing could do his health continued to fail and he passed away on the 12th August 1922. The President of the Assembly referred to his death on the opening of the September session and remarked that his removal by death left a vacancy not only on the bench in the Chamber but also in the general life of the whole Indian community, which would be difficult to fill up. Dr. (now Sir) Harising Gour on behalf of the Democratic Party in the Assembly observed that in losing Sir Vithaldas the members felt that the House was poorer and that the loss of Sir Vithaldas was a great national loss.

# CHAPTER V

## A GREAT INDUSTRIALIST

*A great industrialist. Cotton textile industry. The Industrial and Agricultural Exhibition. The Industrial Conference, Benares, 1905. Swadeshi Movement. The Industrial Conference, Calcutta, 1906: External capital; Attitude of Lancashire; Sugar manufacture; Education. The Bombay Millowners' Association. Factory Labour Commission. Knighthood. Factory Ventilation Committee. Priority Committee. Control of cotton cloth. Licensing Committee. Mining. Coal Committee. Railways. Railway management. Piece-workers in Government Presses. The Industrial Commission. Motor transport. Dwarka Cement Company. Fiscal Commission.*

So far we have traced the career of Sir Vithaldas Thackersey from his early childhood to his entry in the civic life of Bombay and in the Provincial and Imperial Legislatures and shown how he developed, thanks to his excellent training and natural talents, into one of the most important and inspiring public-spirited citizens of India. During the time that he was connected with the Legislative Assembly in the last few years of his life, he stood forth as a great personality representing forcibly to the attention of Government the points of view of his countrymen in general and of the industrial and commercial community in particular. It is interesting to realize that though the causes, he fought for, might not have been finally won, the struggle for the recognition of India's just claims, and aspirations towards economic development and progress has been moulded along the lines indicated by him and that the arguments he used to support his contentions

and views are yet being employed, supported by additional facts and figures in light of the experiences of the decade after his death.

A great industrialist

Sir Vithaldas was above all a great industrialist with a very catholic vision of the need for an all round development not only of manufacturing industries like the great textile industry of Bombay but also for the development of facilities for financing trade and industries for extension in various ways of transport services, for progress in extractive industries like mining and, last but not the least, for improvements in agriculture—its finance, methods and marketing. He was not only thus a great captain of industries but was also a great financier and a staunch co-operator. A mere glance at the list of companies in which Sir Vithaldas was interested as a shareholder and a director is enough to give some idea of the vastness of his interests and the comprehensive nature of development that he sought to stimulate in India in order to enable it to attain to something like its true stature among the civilized nations of the world :—

*List of Companies in which Sir Vithaldas was a Director and Shareholder.*

1. The Hindustan Spinning and Weaving Mills Co., Ld.
2. The Western India Spinning and Manufacturing Co., Ld.
3. The Indian Manufacturing Co., Ld.
4. The Hong Kong Spinning and Manufacturing Co., Ld. (This Mill was sold at a profit in 1919-20).
5. The Crown Spinning and Manufacturing Co., Ld.
6. The Barsi Spinning and Weaving Mills Co., Ld.
7. The Morarjee Goculdas Spinning and Weaving Mills Co., Ld.
8. The Sholapur Spinning and Weaving Mills Co., Ld.
9. The Dharamsey Morarjee Woollen Mills Co., Ld.
10. The Tata Iron and Steel Co., Ld.
11. The Agriculture Implements Co., Ld.
12. The Enamelled Ironware Co., Ld.
13. The New Era Industries, Ld.

14. The Indian Steel Wire Products Co., Ld.
15. The Mysore Distillation Iron Works, Ld.
16. The Marsland Price and Co., Ld.
17. The Tata Hydro Electric Power Supply Co., Ld
18. The Andhra Valley Power Supply Co., Ld.
19. The Ahmedabad Electricity Co., Ld.
20. The Katni Cement and Industrial Co., Ld.
21. The Jubbulpore Cement Co., Ld.
22. The Dwarka Cement Co., Ld.
23. The Gaekwar Oil and Chemical Co., Ld.
24. The Associated Building Co., Ld.
25. The Tata Construction Co., Ld.
26. The Bombay Villas Syndicate.
27. The Poona Building Co., Ld.
28. The Volkart's United Press Co., Ld.
29. The New Piece-goods Bazar Co., Ld.
30. The Sirdar Carbonic Gas Co., Ld.
31. The Bombay Steam Navigation Co., Ld.
32. The Jamnagar-Dwarka Railway Co., Ld.
33. The India Mercantile Insurance Co., Ld.
34. The Bombay Central (now, Provincial) Co-operative Bank, Ld.
35. The Bank of Baroda, Ld.
36. The Vithaldas Damodar Thackersey & Co., Ld.
37. The Govindjee Madhowjee and Co., Ld.
38. The India Social Reformer, Ld.

Cotton textile industry

Sir Vithaldas' father Sheth Damodar had already associated himself with the cotton textile industry and as early as 1874 had established the Hindustan Spinning and Weaving Mills. A few years after, he started the Thackersey Mulji Mill which was amalgamated soon after with the Hindustan Spinning and Weaving Co. In 1879, the Manchester and Bombay Mill was purchased which when reorganized was named the Western India Spinning and Manufacturing Co., Ld. In 1882, Messrs. Thacker-

sey Mulji & Co. took up the management of a third mill—The India Manufacturing Co., Ld. and 10 years later, of yet one more the Hong Kong Mill. Sir Vithaldas thus was associated almost from his birth with the cotton textile industry in Bombay and had received training in industrial management from his father and later on from his uncle Sheth Govindjee. He took his duties in this connection very seriously and made it a point to visit his concerns with regularity so that he acquired a mastery not only of the general principles of industrial organisation and management, but also of the various departments in a mill such as engineering, weaving and spinning. A few years after his entry in the public life of the City, he took over the Crown Mill which under his personal supervision soon developed into a very successful industrial concern and which even to-day stands forth as a standing monument to the great energy, ability and powers of organisation of Sir Vithaldas. He was soon recognized, therefore, as one of the leading mill agents of Bombay and occupied a prominent place in the Bombay Millowners' Association.

It must be noted, however, that he did not merely confine himself to the efficient running of his own concerns but ever paid attention to various questions which affected the prosperity of the industry in which he was so much interested. He had thus carefully studied the defects of the Factories Act, the problem of ventilation in mills, the smoke nuisance, the customs department and such other problems of industrial significance and he never failed to represent his views and seek improvements and alterations in the existing practices on any platform that appeared to him to be suitable for the purpose—the Municipality, the Port Trust, the Railways or the legislatures. All this naturally strengthened his position very considerably and he came to be regarded not only as an efficient mill agent but also as the foremost industrialist of Bombay whom public men and Government found it to their advantage to consult on all questions of interest to the development of industries and trade.

The Industrial and Agricultural Exhibition

In 1904, the Twentieth Session of the Indian National Congress was held at Bombay under the presidency of Mr. Henry Cotton and a strong and influential reception committee of the leading public men of Bombay was formed with Mr. Pherozshaw Mehta as Chairman to make all arrangements in connection therewith. The young Mr. Vithaldas had already made his mark in the public life of the City and the country, in the Corporation and the Millowners Association, and in the Provincial Council and he was naturally included in this Committee. It was decided, following the precedent set at Calcutta in 1901, to hold an industrial exhibition in connection with the session of the National Congress. Accordingly a special Exhibition Committee was formed with Mr. Vithaldas as Chairman and Mr. Manmohandas Ramjee as Vice-Chairman. Vithaldas devoted himself very earnestly to this cause; addressed letters to trade associations and factories; made use of the press for propagating his idea and canvassing support and sought the co-operation of Indian Princes and the commercial and industrial magnates of the country as also of the Bombay Government.

The Exhibition was not to be an industrial one merely but a large section of it was to be reserved for agriculture. The Oval behind the Bombay High Court was devoted to the industrial section, while the space between the Queen's Road and the Railway lines (occupied to-day by the various tennis-courts belonging to various institutions) was utilized for the agricultural section, the two sections being connected by a fine bridge. Concessions were secured from the railway companies for the carriage of the exhibits to and from the Exhibition and the support of the Maharajas of Baroda and Mysore, Cutch and Bhavnagar, of Puddukotah and Travancore and various others assured the success of the Exhibition. The sympathies of the Government of Bombay were a little difficult to enlist, inasmuch as the Exhibition was being held under the auspices of the National Congress. But the tact of

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Vithaldas got over the difficulty and he gave unqualified assurance both to the public and the Government as to the non-political character of the Exhibition. It was authoritatively declared that no subscriber or co-operator in the work of the Exhibition was in any supposed to be committed to the views and principles of the Congress as a political body and the subscribers were informed that anything that they might subscribe for the purpose of the Exhibition would be applied to no other purpose than to further the success of the Exhibition. The matter of Government co-operation was thus satisfactorily settled and the work of the Exhibition went on apace and the various departments of Education, Forest, Agriculture and Land Records began to bestir themselves to secure suitable exhibits. The Exhibition was a grand success and realized a sum of more than rupees three lakhs and a half, the expenditure being a little less so that there was a saving of about Rs. 4,000.

On the 10th December 1904, the Exhibition was declared open by His Excellency the Governor, Lord Lamington. The Hon. Mr. Vithaldas in inviting His Excellency to declare the Exhibition open made a speech in the course of which he said that it was intended by such exhibitions to bring before the public all the manufactures, industries and arts of India, many of which were but too little known because of the remoteness and lack of resources of the artisans who produced them. They became also, he added, a means of supplying fresh ideas to craftsmen, of encouragement to many to improve the existing industries and generally to benefit in one shape or another all classes of the community.

He reminded those present about the glorious productions of India in the past—the carved wood-work, the designs, the colours and the textures of its carpets, the shawls admired for centuries and accepted as patterns for imitation by the skilled artificers of Europe; the wonderful textures sent forth from the looms of Dacca to adorn the noblest beauties of the Imperial Caesars sixteen centuries ago, the elaborate stone carving of Central India,

Rajputana and Gujarat, the embossed silver work of Cutch and Agra, the microscopic painting of Delhi and Lahore, the carvings and sandalwood and the inlaid work of Multan which to this hour remained the marvels of the world, and he rightly held that exhibitions of this character would lead to efforts, humble though they be, being scattered not upon a sterile soil. In declaring the Exhibition open, His Excellency Lord Lamington paid compliments to the public-spirited citizens of Bombay for the conception, organisation, and execution of the work of an exhibition of this character and Mr. Pherozeshaw Metha in moving a vote of thanks to His Excellency said but the truth when he remarked that " this Exhibition would never have been, had it not been for the great zeal which the Hon'ble Mr. Vithaldas had shown."

The Exhibition drew large crowds from Indian States and the districts of the Presidency and it remained open till the 6th of February and it was estimated that during the 50 days it remained open the average number of daily visitors came to more than 10,000 and that in all the total number of visitors came to 5,70,000.

The successful organisation of the Exhibition added considerably to the growing reputation and prestige of the Hon'ble Mr. Vithaldas, not only among the people but also in high circles and His Excellency the Governor also sent him his congratulations,

> " not only upon the success of the Bombay Exhibition as an exhibition but also upon the successful financial results."

Lord Lamington had expressed a desire in his inaugural address at the Exhibition that a provincial museum at Bombay would be a very useful institution for popular education in a permanent form in the arts and crafts of India. To further these views, Government appointed a committee of which Vithaldas was appointed a member and it was the labours of this committee which led to the establishment of the Prince of Wales' Museum in Bombay later on.

The Industrial Conference, Benares, 1905

Next year it was decided to hold an Industrial Conference also in the Congress Week, and the first Indian Industrial Conference met at Benares in December 1905 under the presidentship of Mr. Romesh Chandra Dutt. At this Conference, papers were invited on different subjects from experts and the Hon. Mr. Vithaldas submitted to it a very thoughtful paper on the past, the present and the future of the Cotton Industry of India. In this paper he referred to the past glories of Indian muslins and calicoes and the wonderful tissues from the Dacca looms and mentioned that the skill of the Dacca weavers continued till comparatively recent times when with rude implements they spun a yarn of 524 counts even as late as 1846. The invention of machinery, however, was a turning point. The inventions of the eighteenth century marked a change which brought about a complete revolution in the cotton industry leading to the ruin of the ancient industry of India. The year 1854 marked a second turning point, for it was in that year that the first cotton mill was erected in India and within the first decade as many as 13 mills were at full work. He showed how within the last 50 years the industry had made giant strides, there being as many as 197 mills in 1905 with over five million spindles and 50,000 looms. About a half of this vast industry was claimed by the City of Bombay and three-fourths by the Bombay Presidency. He pointed out that 40 per cent of Indian yarn was exported to China and other foreign countries while the Indian weaving mills consumed about 23 per cent and the balance of 37 per cent was used by their handloom industry which by no means was a negligible factor, for its production in cloth was probably twice as much as that of the Indian Mills. He was quite sanguine of the prospects of the very important handloom industry which was by no means small or moribund and which still possessed considerable vitality. This village industry gave means of livelihood to an immense number of the weaver class and also afforded means of supplementing the incomes of

agriculturists, the backbone of India, and he affirmed that the greater portion of the imported cotton cloth could be made on Indian handloom with great profit to the whole community. It would be an evil day, he remarked, for India, if by our negligence and want of support we failed to place at the disposal of our weavers every improvement and economical means of enabling them to profitably pursue their village industry on which directly and indirectly depended an immense number of our people and drive them to poverty and distress.

Vithaldas' paper was shown to Mr. Gokhale who was presiding over the deliberations of the National Congress at Benares, and Mr. Gokhale was so very much impressed with it that he incorporated a large part of it in his presidential address. It was acclaimed by the press and the public and was appreciated also by Government and Government officials. Sir James Monteath expressed his pleasure to see Vithaldas advocating encouragement of the handloom industry which in his opinion would for a considerable time to come continue to be a necessary means for providing for a considerable section of the population. Mr. Lawrence, the Director of Agriculture, Bombay, was also considerably impressed by Vithaldas' paper and promised his full co-operation, if he could organize an exhibition of handlooms next summer. Mr. Romesh Chandra Dutt in his concluding remarks as the President of the Industrial Conference also referred in very complimentary phrases to the views expressed by Vithaldas and predicted that he would soon become a great personality in the industrial field.

**Swadeshi Movement**

The same year Lord Curzon had introduced the Partition of Bengal and created the new province of Eastern Bengal and Assam. The Partition stirred up the people of India immensely and the great Bengalee leader Mr. Surendra Nath Bannerji led a tremendous agitation against the Partition and started the Swadeshi Movement, and it was during this period that the

boycott idea gained ground to some extent. The agitation was supported by Messrs. Bepin Chandra Pal, Bal Gangadhar Tilak and Lala Lajpatrai in different parts of India and gave great impetus to the cotton industry in Bombay and Ahmedabad. The Government of Bombay in September 1905 elicited opinions of representative men on the subject of the Swadeshi Movement and naturally the Hon'ble Mr. Vithaldas was one af those thus consulted. In the course of his reply, he stated that the immediate effect of the movement was an enormous increase in the demand of Indian made cloth and the consequent rise in prices. More looms were put in, in order to meet the supply which had been overtaken by the demand and the strong position of the cotton manufacturer was expected to lead to high profits. Vithaldas, however, affirmed that he had no faith in the staying power of the Swadeshi Movement. India was not and would not be for years to come capable of supplying the Indian demand and the Swadeshi Movement must eventually fail either by a subsidence of the present ferment or the abnormal rise in the prices of the Indian goods, though in any case, it would have some permanent advantage to Indian production.

**The Industrial Conference, Calcutta, 1906:**

Vithaldas made such an impression at the First Industrial Conference at Benares as the foremost authority on industrial matters that he was unanimously elected to preside over the deliberations of the Second All-India Industrial Conference to be held at Calcutta in December 1906. His Highness the Maharaja Gaekwar inaugurated the Conference and in the course of his remarks expressed pride at the fact that the president elect was a subject of his State.

**External Capital**

The presidential speech of the Hon'ble Mr. Vithaldas was a very important one. Referring to the question of external capital in India, he observed that it was a mistake to believe that being external it must necessarily do harm to the country. Of

course, they ought not to pay too high a price for it. He illustrated his point by referring to Japan where they attracted foreign capital and paid not more than a reasonable price for it and did not allow all the profits of the industry to go out of the country. Being an independent state it was enabled to regulate conditions under which foreign capital would be free to engage in the development of the country. Considering the question for India, the Hon'ble Mr. Vithaldas referred to the vast amount of foreign capital invested in the railways which by annihilating distance bound the whole country by the common bond of economic interests and which made the spirit of nationalism that inspired their movement then possible. But he pointed out that a less favourable aspect of the question of the investment of foreign capital was presented by the petroleum industry in Burma, the coal mines of Bengal, the gold mines of Mysore, the tea and jute industries, the carrying trade by sea and the financing of their vast foreign trade by the foreign exchange banks and he observed that it would be to the permanent good of the country to allow, for instance, petroleum to remain under ground and the gold to rest in the bowels of the earth until the gradual regeneration of the country enabled her own industrialists to raise them and get the profits of the industries, for the price paid then was much too great for the advantages accruing from them to the country. Pursuing the question further, he remarked, that their immense trade, their comparatively small capital, the fixed open door policy of the Government and the absence of power to control their financial policy constituted the main factors of the situation. They could not do without foreign capital but they ought to take care that they did not pay more for it than other nations. Joint-stock banks offered the only means of bringing foreign capital in the country at easy interest, and he noted it as a matter of satisfaction that two such banks had been started in Bombay within the last few months and though those then intended to finance only the internal trade of the country, he hoped that they might feel

their way later on to extend their operations to foreign exchanges —a hope which, one regrets, has not yet been fulfilled. Vithaldas further suggested that the legislature should make it obligatory on any industrial concern floated by foreign companies that the same opportunities should be given to Indian capitalists as to foreign.

Referring to the Swadeshi Movement, he observed that all over the country then, among young and old, rich and poor, men and women, high caste and low caste, the word swadeshi had become a household word. To develop the industries of the country, he admitted, that they could not look to Government to give any direct help in the shape of protective duties and bounties. This was true then but had Vithaldas been with us to-day, he would have viewed with satisfaction the policy of protection, on which the Government of the country has after all embarked. He referred to the agricultural industry as the premier industry of the country and stated with great truth that if the swadeshi spirit inspired them to introduce science and system into agriculture, they would undoubtedly be in sight of large manufacture, financed, controlled and worked by their own countrymen. After thus stressing the intimate relationship between agriculture and industrialization, he referred to the mineral industries, which had been developing fast enough during the last few years. He regretted though that coal, gold and petroleum which together made three-fourths of the total value of mineral production in India were not developed with Indian capital and in this connection apart from the lack of capital he stressed the need for educating a large number of young men and training them up in mineral industries, and he recommended the establishment of an up-to-date mining college in India which even to-day has not materialized.

Attitude of Lancashire

Referring to the cotton textile industry, he remarked that with a finer staple of cotton grown in India, there was no doubt that the Indian mills would safely increase to ten times the

number, producing superior kind of cloth and satisfying the need of the country fully. Then would be the time for the full realization of the swadeshi ideal in respect of clothing. The one unfortunate element of the Indian cotton mill industry was that it had always been looked upon by Lancashire manufacturers with unfriendly eyes and from time to time their self-interest had laid a heavy hand on their long struggling industry under one pretext or another. At one time it was the great principle of free-trade; at another time it was humanity and philanthropy and all the virtues of mankind rolled into one. The abolition of the import duties on cotton goods 25 years ago, the imposition of the excise duty on mill-made cotton cloth, the cry for restricting the hours of labour of adult male labourers, the complaint about the cheap Indian labour—all these reminded one of the old story of the wolf and the lamb. Lancashire would be too glad to kill the Indian cotton industry and one reason was as good as another for their purpose. What would Vithaldas have felt when now Lancashire sends out a delegation to confabulate with a similar Japanese delegation and the representatives of the Indian mills for devising an agreement that would be fair indeed to all the three ?

Sugar Manufacture

Next to cotton piece-goods, sugar was the most important article imported into India. The development of the beet sugar industry in Europe to its then proportions was one of the most fascinating chapters of industrial history. India was the home of sugar-cane and there was an immense market for sugar in the country and he wondered that Indians should be ousted from the manufacture of sugar by foreign competition. It would have gratified the great industrialist immensely if he had lived to see that heavy protective duties at last have been levied and the sugar industry in India has been given a chance for development. He referred to various other industries also like jute, silk, and leather.

Education

Turning from the organisation of capital and the development of industries, Vithaldas turned to the

all-important question of the supply of labour and hit the nail on the head when he remarked that in order to convert their vast population into an effective labour force, they had first of all to instil into them the rudiments of knowledge which would widen their mental outlook, fill them with new aspirations and enable them to know what opportunities awaited them in the industrial world and to take advantage of them for their own and their country's benefit. This required the introduction of a system of universal national education which unfortunately even to-day is still not in sight. He spoke further of the need for technical education and more strongly for commercial education which would enable Indians to retain in the country a very large proportion of the profits which then went to foreign firms, doing import and export business only. In connection with industrial education, he referred to Mr. Tata's Science Institute at Bangalore which was shortly becoming an accomplished fact.

He wound up his address with reverting to the Swadeshi Movement which signified love of the motherland and not hatred of any other land. Industrially, swadeshism is enforced in many civilized countries by means of prohibitive tariffs and bounties to home producers and there was nothing wrong, nay all the more creditable, that what in other countries was required to be enforced by the State was undertaken in India by the spontaneous action of the people.

Vithaldas' presidential address was thus a remarkable survey of the industrial position of the country and was highly suggestive of lines along which action was indeed necessary for the future. The address was received very well by the people and the press and though a quarter of a century has passed since he spoke, the ideas he gave expression to and the views which he set forth still represent the great bulk of Indian opinion, perhaps embittered by the failures encountered, but tenaciously strong in

the consciousness of the correctness of the goal and of the paths leading thereto.

All this while the Hon'ble Mr. Vithaldas was advancing in prestige and status as a great industrialist and took an ever increasing part in the affairs of the Bombay Millowners' Association, so that on the 1st April 1906 he was elected as the President of that Association for the year. On the close of the term of his office on the 31st March 1907 in moving the adoption of the report of the work done by the Association during the past twelve months he made an important speech as the retiring president in which he reviewed the principal events concerning the mill industry during the last year. To start with, he referred to the further decline in India's trade with China both in piece-goods and of yarn. The cheapness of the Indian yarn was a safeguard against the competition of America and Manchester but the rapid awakening to her own possibilities by China constituted a more serious menace to Indian trade with that country and though industries could not be created by Imperial decrees, there was every reason to be afraid when such decrees were backed up by material support. The industrial development of China and the keen competition of Japan made it necessary for the Government of India to carefully guard against placing unnecessary restrictions on the conditions under which Indian mills had to carry on their operations. He remarked with satisfaction that during the last two years a decided impetus had been given to the consumption of their cloth in the home market and it was the stabilization and the expansion of this home market which Government and Indian industrialists should aim at. Without unduly stressing the point, Vithaldas referred to the notable increase in shipments of Indian yarn to the United Kingdom and the continent of Europe.

The Bombay Millowners' Association

Side by side with the movement for the weaving of finer counts to which they must look increasingly for the permanent

prosperity of their industry, they might well exert to avail themselves of new openings for their goods in markets hitherto inaccessible to them. It was in the Mediterranean markets that the Indian yarn demonstrated its ability to compete with that of Europe and it was up to them not only to retain the footing that it had obtained but to improve it and develop it to the utmost. Barring the obstacles raised by high tariffs, there was no reason why Indian yarn should not take the place of Indian cotton and Indian made cloth that of Indian yarn in the markets of those countries to which they were exported, if they would but carefully study the requirements of those markets.

Factory Labour Commission

The Bombay mill industry was prospering greatly under the stimulus of the Swadeshi Movement and had to work long hours in order to cope with the demand. Electric lights had been introduced for the first time in the mills. Mr. Lovat Fraser raised an outcry against the sweating of "Bombay slaves" in his articles on the working of Bombay mills in the *Times of India*. The matter was taken up by Lancashire which seemed even more careful of the welfare of those "slaves" than their own countrymen. The Secretary of State sent out a special inspector, Sir Hamilton Frere Smith to investigate the complaint and on his report the Government decided to appoint a Commission to enquire and make recommendations to Government for regulating work in factories. The Government of India invited the Millowners' Association in consultation with the Chamber of Commerce to submit the name of a gentleman they wished to nominate as their joint representative on the proposed Factory Labour Commission. Vithaldas' presidential address to the Indian Industrial Conference at Calcutta had stamped him as a man who combined the rare gift of business organisation with a national outlook and fervent patriotism. He never spoke on a subject with which he had not thoroughly acquainted himself. His equable temper, easy accessibility and uniform courtesy to rich and poor alike had

brought him in the forefront of the public life of the country. Beside in 1907, he was elected the President of the Bombay Municipal Corporation and also the Chairman of the Bombay Millowners' Association. He was therefore unanimously elected as a representative of the Association and the Chamber of Commerce on the Factory Labour Commission. The acceptance of a seat on the Commission was not made by Vithaldas without much hesitation. Writing to Mr. Harvey, he said:

"The work on the Factory Commission has been heavier than it at one time appeared to be and although I accepted it with great reluctance, looking to my various engagements and my business, I feel that I may be able to assist in finding out the real truth".

Writing to Sir James Monteath at about the same time he remarked:

"The work is heavy and long as we shall have to travel for the next five months, and to a man of business like myself it is rather inconvenient; but the questions referred to it are of such importance that I thought I must not refuse".

His appointment on the Factory Commission involved yet a further sacrifice. The shrievalty of Bombay is an honour much coveted by the leading men of the commercial community. It was the turn of a Hindu and Vithaldas had been considered as the most deserving candidate for the honour. But as a member of the Commission he had to travel all over the country and the law relating to the shrievalty required that the incumbent should not go beyond the limits of the Presidency during his term of office. The Private Secretary to His Excellency the Governor wrote to Vithaldas in November 1907:—

"Sir George Clarke desires me to write and inform you that he would have had great pleasure in appointing you Sheriff for the coming year, but for the provision that the Sheriff vacates his appointment by leaving the Bombay Presidency. H. E. is aware that you cannot possibly be spared from the Factory Commission, and he hopes that the knowledge that you are engaged on even more important public duties will console you for the disappointment you may rightly feel at not being free to enjoy the distinction of the Sheriffship."

Vithaldas was deeply touched by these unusual marks of appreciation from the Governor who almost since his arrival in Bombay had conceived a very high regard for Vithaldas' judgment and character and consulted him on almost every important scheme which he had in hand. The Commission concluded its labours in March 1908, but it is not necessary here to go into details about the work of the Commission which lasted for several months and at all stages of which Vithaldas took a leading part. In fact, it may be said without exaggeration that his conciliatory manner and sweet reasonableness had a very great influence in shaping the final recommendations of the Commission. Vithaldas very neatly summed up the conclusions of the Commission in a short speech delivered before the Millowners' Association in August 1908, in the course of which he referred to the principal subject of controversy which the Commission had to consider, *viz.*, the necessity or otherwise of restricting the hours of adult male labour. Sir Vithaldas' arguments on the subject have been already noticed in a previous chapter and it is not necessary to recount them here; but it was satisfactory that the Commission decided against imposing any restriction on adult male labour such as is unknown in any part of the British Empire. The Government of India, however, did not accept the recommendation of the Commission about the indirect limitation of the hours of adult male labour and in the draft bill they fixed 12 hours as the maximum working hours. Sir Vithaldas remonstrated, but the Government of India in the Commerce Department replied that in view of the preponderating opinion of the Local Governments it was decided that limitation of working hours for men should be introduced to attain the object by direct in preference to indirect methods. Vithaldas however was not the man to be put off in this peremptory fashion. He continued to bombard Government with his suggestion for maintaining the principle of not directly limiting the hours of labour and he strongly criticised the provision for direct limitation of working hours in the Imperial Legis-

lative Council on the 3rd January 1911. Vithaldas' arguments did produce some impression and Mr. B. Robertson of the Commerce Department wrote to Vithaldas suggesting some changes in the Bill to:

> " reduce the working day to 13 hours which would include two half hour compulsory stoppages or a compulsory stoppage of one hour if taken in one lump in the middle of the day. By this method the 12 hours day which Government wishes to have adopted would be secured without its being directly prescribed in the Bill ".

He further asked Vithaldas to let him know what he thought of that proposal and whether people on his side would be generally prepared to accept it. The Select Committee, however, decided by a majority to retain the provision in the draft bill of a 12 hour day and in spite of Vithaldas' reasoned opposition at the second reading of the Bill, the Act as finally passed contained the obnoxious provision.

Knighthood

The honour of Knighthood was conferred on Vithaldas on the King's Birthday in June 1908. The Commission had concluded its labours; Vithaldas had just retired as President of the Bombay Municipal Corporation; he had just retired as the President of the Bombay Millowners' Association and his services in all these directions were so highly esteemed that the Government conferred the honour of Knighthood on him, though outside the ruling princes he was the youngest Indian so far to receive the honour, being only 36 years of age. Congratulations poured on him from high and low. The Governor of Bombay wrote that

> " It is an honour well deserved by your many and great public services which have contributed materially to the well-being of the people of Bombay."

Members of the Government of India, Princes and Ministers in Indian States and a very large circle of friends from every part of the country and from abroad sent him telegrams and letters of

congratulations. The honour was hailed, as Mr. Shapurjee Saklatvala put it, as "the right sort of honour won by the right good man". Sir Dinshaw Wachha's letter on this occasion was a curious mixture of congratulation and admonition. He said:

"So at last you are Sir Vithaldas. Very good. I wish you good luck. You have done exceedingly well as a member of the Factory Commission and have fought the cause of Indian Labour and Indian Cotton Industry most strenuously. Such labour deserved official recognition, and you have got it. I do not go into conventional congratulations, but let me hope, as our Chancellors of the University say when they confer degrees on graduates, that by your conduct and career in life, you will show yourself in every way worthy of the honour. You are still a young man, in the very prime of life, with many opportunities for a career of greater usefulness in the cause of your country. I am sure you will use those opportunities wisely and well, and endear yourself more and more to your people. Remember please that we are all born of the people and are destined, as Bradlaugh said, to live for and die for the people. Congratulations on your good luck".

Factory Ventilation Committee

In pursuance of the suggestion of the Indian Factory Labour Commission of 1908 the Government of India decided that an enquiry should be instituted regarding ventilation in the cotton textile factories and as the enquiry to fix the standard of purity of air could best be carried out in Bombay, they requested the Bombay Government to appoint a committee extending to the cotton textile factories throughout the Bombay Presidency and to make recommendations for a standdard expressed in terms of volume of carbon dioxide and also for the rules necessary to enforce that standard. As an important member of the Factory Labour Commission and generally, Vithaldas was looked upon as a great expert in all industrial matters and the Government of Bombay consulted him in May 1911 as to the persons who could be suitably appointed as members of the Committee, it being presumed that he him-

self would certainly be a member of that Committee. The Committee that was thus appointed on the 14th August 1911 consisted of Mr. R. E. Enthoven as Chairman, Major Dickinson, the Chemical Analyser to Government, Sir Vithaldas, Mr. N. N. (now Sir Ness) Wadia, Mr. Bradbury and Mr. Angel, Inspector of Factories. The Committee arranged for observations and analysis of mill atmospheres for a considerable length of time and submitted their report in July 1912 wherein they laid down that the standard of carbon dioxide suitable for adoption in India should be in dry sheds 11 parts and in humid sheds 8 parts per 10,000 over outside atmosphere. The Committee, however, was of opinion that no satisfactory solution of the ventilation problem was likely to be arrived at by merely fixing the standard of carbon dioxide for textile factories. They held that the comfort of operatives was dependent far more largely on the factors of temperature and humidity than on the parts of carbon dioxide contained therein, and suggested that their terms of reference be extended and the assistance of a hygienic expert from England should be given to them for laying down a standard of ventilation for Indian textile mills which while being in conformity with the results of the most recent hygienic investigations in England and adapted to the requirements of the workers would still be capable of enforcement in India without entailing unreasonable demands on the factory owners or imposing conditions that either interfered with the process of manufacture or were untenable in the atmospheric and meteorological conditions that prevailed in certain localities in India. The Government of India agreed to extend the scope of the enquiry and to send out an expert in May 1913. The Committee accordingly continued its work and collected a series of observations though they could not accept Professor Lorrain Smith's demand for the record of physiological data or even for a modified programme of physiological observations ultimately approved by him. Medical assistance was absolutely necessary but in November 1914 the Government of Bombay

expressed its inability to depute officers of the Indian Medical Service to work for the Committee and held that the time was altogether unsuitable for the introduction of a scheme of that nature having regard to the restlessness observed in the mill districts, the frequent reports of alarms caused by the suspicion of forcible recruiting and other similar manifestations of feeling and was of opinion that it was most undesirable on political grounds to pursue the scheme any further. The Committee, therefore, met in 1915 and suspended their work till times improved. Beyond thus sending up the Committee's *ad interim* report the Factory Ventilation Committee did not lay down any standard for ventilation nor fixed a satisfactory standard of humidity for the cotton textile mills.

Priority Committee

As a leading industrialist enjoying the confidence of both the Government and the people, Sir Vithaldas had naturally to serve on several committees of varying degrees of importance and it is remarkable to find that the keen sense of duty to the public and the Government which pervaded all his actions obliged him to accept appointments on such committees though at considerable cost to his leisure and energies. He was thus appointed on the 26th October 1918 by the Government of Bombay a member of the Priority Committee constituted on the 23rd February 1917 for the purpose of advising Government on applications for certificates of priority for the supply for stores and plant ordered from the United Kingdom. As a member of this Committee he had to look into various cases and to help to decide how far the applications for indenting stores and plant from United Kingdom were urgent in view of the then industrial condition of that country due to the great European War. On the 16th December of the same year however the Government of India issued a press communique stating that due to the altered conditions on the cessation of the War no priority assistance was necessary unless the orders were certified to be urgent in the

national interest and mills in India were advised to place orders as quickly as possible. As a consequence the work of the priority committees in the various provinces was extremely limited and the Provincial Governments were asked to take steps to dissolve the Committees leaving the initial examination of priority applications in the hands of the Controller of Munitions.

Control of Cotton Cloth

On September 18th, 1918, a conference of leading men interested was convened at the Secretariat of Bombay to consider the question of the control of cotton cloth and as a result an advisory committee was appointed for the control of cotton cloth, to assist and advise the Cloth Controller and Vithaldas was asked to serve on the Committee with Sir Frank Noyce as the Chairman. Vithaldas was keen as ever and put in his whole energy so that it was no wonder that Sir Frank Noyce wrote to him very soon, after the Committee was appointed on the 23rd October:

> "I should like to say how very much I appreciate all the help you have been giving me. It has made a very great difference to the feelings with which I regarded my appointment".

The Committee concerned itself with various problems of importance regarding cotton cloth due to the exceptional circumstances in the last few months of the War and regularized procedure about the standard cloth, its indent price, the different types of cloth to be standardized, the form of contract with mills and the provision for stamps on the standard cloth to ensure absolute uniformity. The Committee met pretty frequently and reviewed the position regarding the production of cotton cloth and its demands in the various parts of the country now and then and Sir Vithaldas had a busy time of it till he had to resign in March 1919 when he started on his tour to Japan, America and Europe. Sir Frank Noyce expressed his high appreciation of

> "the most valuable assistance you have given me as a member of my Advisory Committee and I am very sorry that I shall not have it until the conclusion of my work".

Vithaldas was also called upon to work as a member of the

Licensing Committee for the issue of fresh capital in 1918 and as such he had to deal with a number of applications from various industrial concerns for licenses to issue fresh capital. The War had made it expedient for the Government of India to take power to control the withdrawal of capital from the money market by companies and had made the passing of the Indian Companies Restriction Act of 1918 necessary. It was to remain in force during the continuance of the War and for six months thereafter. Under this Act, the Registrar of Companies was not allowed to register a company nor was a company allowed to increase its share capital, issue debentures or call up unpaid capital unless it held a license in this behalf issued by the Governor-General-in-Council. For this purpose, Advisory Committees were formed in Calcutta and Bombay to assist the Controller of Currency, Calcutta, and the Accountant General, Bombay, to consider applications made in Bengal and Bombay respectively. In Bombay the Committee was to consist of three persons.—The Accountant General, a representative of the Indian Merchants Chamber and Bureau and a nominee of the local Government. It was announced by the Finance Member of the Government of India when the Act was passed that licenses would be granted as a matter of course in cases in which the capital to be raised by a company either initially or by means of further calls did not exceed Rs. 1,00,000 in all during the currency of the Act. This Committee was a very important committee indeed, since the close of the War saw a great industrial boom in India and companies were anxious to increase their capital and extend their business as rapidly as possible. The appointment by Government of Sir Vithaldas on this Committee was a mark of their appreciation of his sagacity and powers of discernment and the records of the work of the Committee bear ample evidence of the outstanding influence of Sir Vithaldas and to the very proper use that he made of his influence in the Committee.

Licensing Committee

Mining

As we have seen before Vithaldas had a comprehensive vision of the needs of industries and did not therefore restrict himself to the development of the cotton textile industry and to the study of problems relating thereto only. Mining attracted a great deal of attention of Vithaldas and he believed that the wealth of India under the soil was as great if not more than the wealth above the soil and that though India had not been proved to be very rich so far in minerals, it needed only scientific prospecting and financial backing in order to lay open the treasures of India under the soil for utilization in the industrial development of the country. With his usual characteristic of studying fully the question to which he was devoting himself, he had carefully studied the geological survey reports and the survey maps and charts published from time to time by Government. He felt that if expert geologists were employed to survey the lands of Kathiawar, there was just the possibility of discovering gold, silver, coal or petroleum and that if one such mineral industry could be successfully established it would prove to be a blessing to the princes and peoples of Kathiawar in very many ways. He, therefore, entered into negotiations in July 1904 with the Jamnagar State for a prospecting license of thirty years and this correspondence ended in His Highness the Maharaja Jamsaheb ordering a geological survey, by experts, of the Jamnagar territory which, however, has not so far led to any very tangible results. In 1905 he turned, however, to Wankaner, another of the Kathiawar States, when he found that His Highness the Rajsaheb and his Minister Mr. Nathabhai were very much interested in mining problems. Vithaldas himself visited the State with his cousin Seth Purshottum Vishram Mawji and later on sent one Mr. Billa, who later on came to be known as Mahatma Billa. The minister writing to Vithaldas on the 20th September 1907 said :

"You must have been informed by His Highness of our boring operations here. Yesterday we have again come across carbonaceous

sandstone with iron pyrites therein. We have now some basis for some good hope. We have reached 413 ft."

His friend Mr. W. Pendlebury of the Nizam's Guaranteed State Railway actively encouraged Vithaldas in this matter and it seems that the two years 1905 and 1906 saw Vithaldas very actively trying to push on in obtaining concessions for prospecting work in different areas. Mr. Pendlebury wrote on 22nd November 1906:

"I hope you have been able to bring the Government of Bombay to a sense of their duty and to no longer delay the granting of the concession for the manganese near Belgaum. Has the Itarsi coal business advanced any further?"

In January 1907, Pendlebury again wrote to him:

"I am glad you have got the leases of the two manganese mines near Belgaum. *Re.* Billa: do not let him have anything to do with the administration. He is a fool or rather I should say a child as he can be easily imposed on."

In another letter, he mentions about mica and indeed Vithaldas' file of correspondence with Pendlebury is full of references to his mining activities. Round about Hoshangabad in the Nizam's Dominions, in Rajpipla, in Goa, in Shahapura District in the United Provinces, and generally in Peninsular India, Vithaldas seems to have taken a great deal of trouble to prospect for coal, manganese and so forth and in 1920-21 towards the end of his career his interest in mining revived so that he tried to secure licenses for prospecting work in the Punjab and the Mysore Provinces. But he does not seem to have succeeded to any very considerable extent in this direction. The mining industry is a very speculative industry and is very largely a matter of luck whether the mines turn out to be commercially paying or otherwise and Vithaldas had to give up his efforts in this direction, after some time.

All the same Vithaldas' experience of mining matters gave him a considerable reputation and when the Indian Mines Act was

to be amended in 1922, we find experts on mining pressing their views on Vithaldas and asking him to oppose amendments which

> "might suppress Indian enterprise at no distant date and lead the whole mining industry to be monopolized by exotic exploiters."

Unfortunately Sir Vithaldas had already resigned his membership of the Assembly and he, therefore, could not attend to this matter and he died soon after.

Coal Committee.

It is interesting to note that Sir Vithaldas was nominated by the Government of India to serve on the Coal Committee on behalf of the Millowners' Association, Bombay, and Mr. C. M. (now Sir Cusro) Wadia was appointed to serve as an alternative member. The Coal Committee was appointed to consider about the shortage of wagons and the regularization of the supply of coal to industrial centres due to the peculiar circumstances occasioned by the War. Sir Vithaldas was a stout champion and his efforts relieved the difficulty considerably for the two principal consumers of coal in the Bombay Presidency, namely Bombay and Ahmedabad. In a report to the Bombay Millowners' Association on the 22nd March 1917, Sir Vithaldas stated:

> "I should not like to conclude without expressing my deep conviction that the Coal Committee has been doing its best to meet the difficult situation and that steps so far taken have met with success."

Railways

Vithaldas' attention was also turned towards railways as was very natural for an industrialist to think of all the factors that spell the success of industries. His speech on the Indian Railway policy in the Legislative Assembly showed a great study of railway questions and has been referred to in an earlier chapter, but his interest in railways did not stop merely at discussing the policy in general but also extended to the construction of small feeder lines on branch line terms so as to secure the development of the outlying area on both sides of main routes.

His attention was early drawn by his friend Mr. Pendlebury

to the Ambhaji Railway though Mr. Pendlebury advised Vithaldas to drop the idea since on working out the figures he was of the opinion that the proposed narrow gauge line would have to work at a loss for years to come.

Later on in 1916, Vithaldas carried on negotiations for a short line to feed the B. B. & C. I. Ry. at Bassein Road and to serve the area between Bassein, Agashi and Virar. Sir Vithaldas Thackersey & Co. became the promoters, the survey was carried out in detail, the gauge was to be narrow, that is, 2 ft. 6 inches. Estimates were prepared but the proposal seems to have ultimately fallen through.

The Jamnagar Dwarka Railway is, however, a monument to Vithaldas' initiative, foresight and driving power. He obtained the co-operation of the Baroda and Jamnagar States and pushed on the scheme till it has materialized into a very useful railway for the development of the northern coastal tracts of Kathiawar.

Sir Vithaldas also tried to promote a small line from Kalyan to Waishakra and another from Kalyan to Wada but the Agent to the G. I. P. Ry. being of opinion that in view of the road and creek competition neither proposal was likely to be remunerative, Vithaldas' application for a concession in respect of these two lines under the branch line terms was turned down by the Railway Board in June 1916.

Sir Vithaldas was approached in 1915 also on the subject of floating a company for the manufacture of wagons in view of the great shortage of wagons on account of the War, but Sir Vithaldas knew the pulse of the investing public and in writing about the proposals to Mr. G. Redcliff on the 28th November 1915, said:

> "The cost of raw materials is high and people are nervous about subscribing shares in new joint stock companies. I know of a scheme for the manufacture of wagons on a large scale in co-operation with the Tata Iron & Steel Co."

The Vasad Katana Railway on the main route of the

B. B. & C. I. Ry. also for some time engaged Sir Vithaldas' attention and the Hon'ble Mr. Lallubhai Samaldas was also interested in the matter. Ultimately, however, the Railway Board decided that the financing of the line should not be thrown open to private enterprise, as it had been decided to construct the line as an integral part of the Bombay Baroda and Central India Railway system. This proposed line was to have run parallel and close to the Anand Petlad Line of His Highness the Gaekwar of Baroda and the Baroda State was strongly opposed to the construction of the Vasad Katana section. Sir Vithaldas, being interested with the Gaekwar in the Jamnagar Extension Railway, did not wish to oppose him in this matter and the project ultimately remained unexecuted.

Railway Management

The question of railway management became very acute after the reforms had been introduced and the Indian Railway Committee was appointed in 1920. The peculiarity of railways in India has been that though they were constructed originally with private capital subscribed largely in Great Britain the Government exercised their right under the contracts to acquire the lines so that practically all the railways in the country came to belong to Government and yet the various railway companies were still vested with the management of their lines and the unusual phenomenon of a private company managing a Government Railway came to be witnessed from the very beginning of this century. Indian opinion from various points of view, particularly in regard to the development of industries and commerce, was strongly in favour of the State taking up the management of its own railways and as Indian opinion began to gather volume and strength, the question of State versus Company Management of Indian Railways became a very acute one, and there was considerable agitation among the people. Government, therefore, invited opinions from responsible bodies on the subject of State versus company management and Sir Vithaldas at the

annual meeting of the Indian Merchants' Chamber and Bureau on the 30th September 1916, said in the course of his speech :

"This is one of the most important questions that has cropped up in recent years, the decision of which in time will play an important part in the development of our trade and industries. The question is a complex one, in which strong arguments from either side can be urged. I do trust that in case Government decide to continue company management, they will not allow themselves to be bound hand and foot as they have been now under the present agreement."

He felt that the Government of India should take power :

"to order their companies to give special facilities for transit and special help by way of low freights for the development of indigenous industries."

Sir Vithaldas drafted out the reply to be sent to Government by the Indian Merchants' Chamber and Bureau, but when he showed it to Sir Dinshaw Wachha, he made suggestions showing clearly how the one was a practical industrialist and the second an abstract reasoner. Sir Dinshaw wrote on 18th October 1916 :—

"I am afraid your draft almost wholly refers to details and not to the policy of the Government in the future. Of course, the details imply a preference of State management of railways to company management. In that case, you should re-draft your letter by making it logical. State at once that you agree to a policy of management by the State alone and that for the reasons underlying or embodying the 7 paras which are a logical sequence of your principle or policy."

While Sir Vithaldas was busy helping the Indian Merchants' Chamber to prepare its replies to the questionnaire issued by the Indian Railway Committee, he himself submitted evidence on behalf of the Millowners' Association to that Committee. The gist of his views on the question may be briefly summarized in the following propositions :—

1. The railways owned by the State should be managed by the State.

2. If Government ultimately decides not to take over the management themselves, it should be insisted that the managing companies should be domiciled in India.

3. In that case it was not absolutely necessary that all members of the Board should be skilled in railway work.

4. There must be on the Board practical men who are in touch with the people and who know their requirements and also members who can be useful to the Board by the knowledge of industries and the method of helping them.

5. The combination of the system of management by companies domiciled in England and India is impracticable.

6. The Railway Board should be strengthened by having Indian members of vast experience.

7. The capital funds required for railways should be raised in India as far as possible and borrowing outside India should be avoided.

8. Government do not exercise adequate control over railway administration in respect of rates and fares. The carrying capacity of the various railways is inadequate for the requirements and needs of the various industries served by them.

The Committee examined Sir Vithaldas orally on the 5th February 1921. It is interesting to note that after all the Acworth Committee on Indian Railways recommended in agreement with Indian opinion the abandonment of company management of State owned railways as the contracts with the existing companies fell due and in accordance with the policy thus recommended by the Committee and adopted by Government the G. I. P. Railway and the East Indian Railway are already being managed as State railways and experience has shown the wisdom of this change from management by interested companies with boards located in London and irresponsible to public opinion in India to management by the State as the custodian of Indian national interests.

Piece-workers in Government Presses

In response to the resolution moved by the Hon'ble Mr. Khaparde in the Council of State on the 29th September 1921 on the grievances of piece-workers employed in the Government of India Presses, the Government decided to form a committee composed of three members. Recognizing

that Sir Vithaldas, being interested in large industrial undertakings where problems similar to the one under consideration had to be faced, would be a very helpful member, Government appointed him and also asked him to act as the President of the Committee on the 1st December 1921. Mr. Khaparde, the mover of the resolution, was appointed as a member while Mr. F. D. Ascoli, I.C.S., was a member and Secretary. The Committee examined witnesses at different centres. It is remarkable how Sir Vithaldas had won the confidence of Government and at the same time was looked upon by the people as a champion of national views for we find even in this case that the press-employees through their press unions and otherwise approached him in the full hope that their interests were safe with such a man at the head of the Committee. Mr. M. K. Bose of the Amrita Bazar Patrika wrote on the 26th January 1922, making suggestions for the abolishing of the piece-work system and forwarded to him a scheme which replacing the piece system by the salary system would still lead to considerable savings to Government and remove the injustice to the employees. He writes:

> "The men expect justice from you. I would add: Humanity also requires the inhuman system to be abolished."

The Committee, however, came to the conclusion, Mr. Khaparde dissenting, that Government presses cannot be run on commercial lines if the piece-work system was abolished. That system was advantageous both to Government and the workers and the Committee recommended that it should be retained but made minor recommendations such as placing old men at light work, avoiding favouritism, abolishing of temporary establishments and bridging over the gap between the salary-hand and the piece-worker. The Committee added that the system in force was fundamentally correct and that much could be attained by sympathetic administration of the presses, the officers in charge being ready to deal with genuine grievances brought properly to their notice.

The Industrial Commission

In 1916, the Indian Industrial Commission was appointed under the chairmanship of Sir Thomas Holland by the Secretary of State and high hopes were at one time entertained of something substantial resulting from its enquiries and the report leading to the rapid industrialization of India. But the powers of the Commission were limited in this that they were asked not to consider at all the question of tariff reform or to make any recommendations in the direction of any change in the then current fiscal policy. The fiscal reform question was a large imperial one which Government intended to take up for consideration after the War. The Secretary of State declared that it would require a special commission to consider the reform of the fiscal policy of the country but the people of India were naturally very much disappointed to find that the Industrial Commission was debarred from considering how far the fiscal policy should be changed in order to help the development of industries in the country and how far the present fiscal policy had been instrumental in ruining some of the industries which should have gone on with a different policy. At the Annual Meeting of the Indian Merchants Chamber and Bureau on the 30th September 1916, Sir Vithaldas voiced this sentiment of disappointment at this limitation of the powers of the Commission and stated :

> "If this Commission had an opportunity of considering this question, their report would have been very valuable at the time when the whole question of fiscal reform is taken up after the termination of the War. Those who will have the consideration of this question later on will have no opportunity as the present one has in considering the cause and effect of a particular fiscal policy on a particular industry. Whether the recommendations of the Industrial Commission in the matter of the effect of fiscal policy on trade and industries would have been consistent with Imperial fiscal policy or not may be settled later on. It was quite open to the Imperial Government if they did not agree with the recommendations of the Commission to have any fiscal policy they may choose for Imperial reasons. But the country would have

the satisfaction of knowing that at least their case was presented to the Imperial Government".

Sir Vithaldas was nominated by the Indian Merchants' Chamber and Bureau as its representative to give evidence on its behalf and he was also nominated by the Government of Bombay:

"as a witness specially qualified to give evidence on any questions relating to the development of industries generally."

The Indian Merchants' Chamber sent a statement of written answers to the questionnaire of the Industrial Commission and Sir Vithaldas did not think it necessary for him to send separate written answers as a special witness suggested by the Government of Bombay since he generally agreed with the answers sent in by the Chamber. He was examined at a considerable length also orally on the 17th November 1917 and his views and his powerful advocacy thereof had a considerable share in moulding the views of the Commission so that in spite of considerable restrictions in the terms of reference the Report of the Indian Industrial Commission is full of practical suggestions as to the means to be adopted for the rapid industrial development of India.

So far we have seen how Sir Vithaldas was a great captain of industry, interested in the textile industry, railways and mining. Many other industrial enterprises engaged his attention besides these and the nature of these enterprises shows how verily he was not a person with narrow interests in only one or two industries but how he was interested in all kinds of industrial undertakings. Electric companies sought his co-operation, insurance companies welcomed his association, navigation companies engaged his attention, building companies secured his concentration and cement works found in him too a leading promoter.

Motor-transport

Even as early as 1905, Vithaldas interested himself in the Poona Mahableshwar Motor Bus Service and he entered into negotiations, though fruitlessly, for some concession or rebate

from the G. I. P. Railway for the purpose. The Agent to the G. I. P. Railway, however wrote to him on the 28th October 1925, that there was a route to Mahableshwar by the S. M. Railway, and that they offered no rebate to them and that, therefore, if any proposition was put forward to offer a concession to a competitive route, it would not be accepted. He suggested, however, that after the motor service was established the question might be raised again. To-day bus services in different towns and cities are more or less a common feature but about 30 years back they were unknown altogether and it speaks very well for Sir Vithaldas' foresight and pioneering ability that he should have tried to introduce a motor service between Poona and Mahableshwar. This service he did ultimately start though the scheme had to be given up later inasmuch as his experience proved that motor cars could not be run at a profit in India for several reasons. In those times the wear and tear of the cars was very great and the difficulty of finding good mechanics to take charge of the motor cars, the comparative cheapness of other forms of transport and the poverty of the general travelling public preventing them from paying for speedy transport were among the chief reasons as he explained to his friend Mr. Brindon against starting any such new ventures of that nature.

Dwarka Cement Company

In 1919, Sir Vithaldas launched the scheme for the Dwarka Cement Company on a very large scale. The factory raised for the purpose was the biggest of its kind in the whole of India and the share capital subscribed and paid up amounted to about three-fourths of a crore. The project seemed sound and encouraging; Sir Shapoorjee Bharucha, Sir David Sassoon, Mr. F. E. Dinshaw and Sheth Ramnarain Harnarain joined the directorate to which was associated also the State of Baroda. The whole project is a a testimony to the great powers of organisation with which Vithaldas was gifted. The place selected was not a railway station, the port had no dock with facilities for unloading

machinery and coal, there was not sufficient supply of good drinking water, nor was there a skilled labour supply available and yet Vithaldas' tact, influence and organising ability succeeded in overcoming all these difficulties in the course of one year and Dwarka was provided with a railway station and a dock while Okha Port got the Sayaji Pier for the convenience of large ocean-going steamers. The factory began to work in right earnest, the Dwarka cement acquired a reputation and the Stock Exchange quoted the shares of the Company at a premium. But the sudden and untimely death of Sir Vithaldas who was the life and soul of the concern before the Company could well be established and the depression in the cement trade, brought about circumstances which forced the Company to go into liquidation.

Fiscal Commission

Before we close the review of Sir Vithaldas' career as a great industrialist, we might refer to the Fiscal Commission of 1922 on which it was proposed to appoint him as a member, but on account of the state of his health he had to decline the invitation of the Government, though he did give evidence both written and oral on the 22nd February 1922 before the Commission.

In the course of a written statement to the Commission Sir Vithaldas showed himself to be a protectionist, for he believed that it was only under a protective tariff that industries would be developed and give more employment to the country, and he quoted the experience of all civilized countries both of Europe and America as a standing example of the prosperity obtained by the tariff policy. He was not a whole-hogger in this respect, for he advocated protection only for those industries which after a period were likely to be able to face foreign competition without assistance. He believed that in fact economically it would be better if protection was given to industries for which India was most suitable and had natural advantages therefor. He emphasized the need for protection in the case of all the key industries

and other vital industries necessary to make India self-supporting in case of war. He recognized that a protective policy would induce British and foreign industrial firms to establish their factories in India but he did not disapprove of such a movement as in any event they would have to give employment to Indian labour, provided no special concessions were given to those foreign firms to exploit the raw materials of the country, but he added provisoes that not less than half the capital in such a company should be Indian and that the company itself should be registered as an Indian rupee company. Meeting the argument of a rise in prices which would adversely affect the consumer, Sir Vithaldas stated that internal competition amongst the manufacturers would bring down the level of prices and that the effect of the rise in prices would be counteracted by the compensating advantage of a general rise in wages and the general prosperity of the country. On the question of the export tariff, Sir Vithaldas did not advocate a protective duty for the benefit of the manufacturers in the country but for revenue purposes only and that too on the export of such raw materials as were the monopoly of India like jute and tea, since in such case the incidence of the taxation would pass on naturally to the consumers of the foreign countries. On the subject of Imperial preference Sir Vithaldas' position was quite frank and clear. He held that the policy of Imperial preference would be of great advantage to the Empire including India provided the position as to the extent of the preference to be given was decided entirely by the legislatures in India and that there should be no power of veto or dictation under law either by the Governor-General-in-Council or by the Secretary of State:

> "If such absolute power be not given to the Indian legislatures or in other words if India cannot control her policy of Imperial preference it would be dangerous to include Imperial preference in our statute book. In the absence of full control by Indian legislatures it would mean dictation by the Secretary of State under pressure brought by the

English manufacturers and the position of India would be very precarious."

He further stated :

"It must, however, be clearly understood that Imperial preference should only be given to such other dominions in the Empire, as are prepared to give the Indians the same rights of citizenship as India gives to their citizens".

To the end he was thus in harness, floating new concerns, giving his expert advice in the management of old ones, giving opinions and suggestions on questions of outstanding importance and perpetually consulting and being consulted by those interested in India's industrialization so that he remained almost to the day of his death a veritable pillar of the Indian commercial and industrial community and a giant captain of industry. Indeed in Sir Vithaldas we find throughout a just exponent of Indian national views on commerce and industrial questions not only of the past generations but even of the living present. The issues he fought for are still living issues and the struggle he began continues on more or less the same lines and the arguments advanced on either side remain more or less still the same. Thus though India is moving onwards at a very high speed, this great man has still not become a back number in national thought.

# CHAPTER VI

## A GREAT FINANCIER

*Indian banking. Indian Specie Bank. Bank of Baroda. Indian Bank, Madras. Bank of Mysore. Other Schemes. Currency problems. Currency Reform League. Chamberlain Commission. Babington Smith Commission.*

We have so far traced Sir Vithaldas' career as a member, and chairman of the Standing Committee and President of the Bombay Municipal Corporation and later on in the legislatures of the country, Provincial and Imperial, and seen how he achieved a very important position for himself with Government, government officials and the public as one of the most outstanding figures of his day. In the last chapter, we traced his interest in industrial matters, his influence in shaping the industrial policy of the country and his work on several important committees that were appointed to investigate into important questions of policy and we have sketched how he had achieved the unique position of a great captain of industry, looked up to by the people, admired and consulted by other important lights of the commercial and industrial world and trusted by Government as a sane, able and reasonable exponent of Indian industrial and commercial opinion.

Indian Banking.

We must not, however, forget that Sir Vithaldas was at the same time a great financier, who by dint of careful preparation, intensive studies and vast experience, not only stood forth as an expert in the realms of public finance but also was a promoter and founder, or at any rate a very important director of many of the leading Indian joint-stock banks and an expert and a sound critic of Government's currency policy. Indeed, it must be recognized

that before his time, there were no Indian joint-stock banks at all and the banking organization of the country consisted only of the three Presidency Banks more largely serving the purposes of Government Treasury and the Public Debt Office, though, of course, playing an important part in the finance of the internal trade of India. Besides these, there were a few exchange banks with their head-quarters in London, engaged in the finance of the foreign trade of the country, though receiving deposits from Indians also. There was no regular banking organization on modern lines thus at all in those days, managed and controlled by Indians and the internal trade finance was in the hands largely of the indigenous bankers or shroffs in larger towns and cities. A man of Vithaldas' acumen, business foresight and vision could not but feel the great need for swadeshi banks to meet the needs for short time accommodation of the business community for internal trade as well as for agriculturists. His labours for the organisation of agricultural finance, we shall notice in the next chapter, where we review his achievements and position as a great co-operator. The unregulated character of banking in the hands of the indigenous bankers and shroffs, the large amount of the personal element that figures therein and which increases considerably the risks to which the depositors are subjected, led him at a very young age to concentrate on the organization of Indian joint-stock banks. Even as early as 1897-98 while addressing a meeting of his caste people at Khambhalia, he had referred to the question of the great loss which the country was suffering in this respect from the lack of proper banking facilities and of modern Indian banks. To Sir Vithaldas belongs the credit for being a pioneer in this great cause, the cause of Indian banking on which so much of the national progress depends.

Indian Specie Bank

In the organisation of his schemes, he was fortunate to secure the close assistance of a unique personality—Mr. Chunilal Dharamdas Saraiya. Mr. Saraiya was by education a medical man

but he had turned to banking and was one of the important Indian officials in the Bank of Bombay. With his assistance and expert knowledge, Sir Vithaldas floated in 1905 the Indian Specie Bank, of which he became the Chairman of the Board of Directors while Mr. Saraiya functioned as the Managing Director. Under the guidance of the brilliant Managing Director and with the encouragement the swadeshi spirit of the times gave to the cause of Indian banking, the Indian Specie Bank soon developed into a very vigorous institution. Branches were opened in several important centres, like Ahmedabad, Baroda, Bhavnagar, Broach, Surat, Rajkot, Poona, Nasik, Karachi, Hyderabad, Kolhapur, Sukkur and Shikarpur as also in centres outside the Presidency, like Calcutta, Cawnpore, Indore, Lucknow and Nagpur. The Bank also opened a branch in London though not necessarily for the development of the foreign exchange business but rather for business in gold and silver. The reputation which this Bank enjoyed because of the association therewith of two such great figures as Sir Vithaldas and Mr. Saraiya was indeed unique but the very ability of the management made the directorate rather indifferent and even the shrewd Sir Vithaldas trusted Mr. Saraiya more and more, so that the Bank unfortunately moved gradually from the paths of legitimate banking to enter into the very doubtful fields of speculation.

In 1909, at the Bank's Annual Meeting, Sir Vithaldas' presidential remarks gave an idea of the working of this institution. The working capital of the Bank was Rs. 2,71,00,000 and was showing signs of increasing. The profits of the Bank were satisfactory and it was able to employ the funds at its disposal in such lines of investments as yielded best rates of interest from time to time. The advances on pearls contributed in a large measure towards making up the good profits of the year. The Bank during the past year commenced to import gold bars bearing the Bank's name on them. Every endeavour was being made to push its gold bars through its branches and agents and a good demand for

them was anticipated. In June 1908, the Bank commenced to import silver bars from London. Those imports consisted of purchases in London against sales of such bars in Bombay to be delivered in settlement and during the monsoon months, the Bank's funds were largely employed in financing imports of silver. As those operations consisted of sales in one market against purchases in another, there never was any risk of making or losing large sums of money. Since the beginning of December 1908, the busy season in India offered more profitable lines of investment for the Bank's funds, and the business done by the Bank in silver had been very small, undertaken for the purpose of remitting funds from London to the Bombay Office. The Bank had been able to build up good connections in Bombay and London in silver business and the Directors assured the public that the business in silver was to be undertaken as part of banking business and not for the purpose of speculation and the directors fully realized the importance of not engaging in any transaction which would ever have an appearance of being speculative. There was more activity in the pearl business during the year and the Bank could have invested more funds in this business but the directors acted with caution in not investing too much money in one class of investment.

This shows how the Bank was steadily going ahead. The Indian Companies Act was, however, defective and left room for considerable window dressing so that the true position of the Bank, as years passed by and as the business in silver though proclaimed by Sir Vithaldas and other directors as being non-speculative increased, the Bank's position gradually weakened or at any rate got involved. The blind confidence in the ability of the Managing Director thus led to serious results and ultimately in 1913 the public began to view with great misgivings the soundness of the Specie Bank. The doubts became ever more and more serious and were converted into certainties and panic set in and the depositors in the Bank made a frantic run which was met

very well by the Bank authorities on the first two days but the City of Bombay took alarm at this great financial crisis. The Board of Directors appointed as auditors Messrs. Fergusson and Co. on the 27th November 1913. On the 28th, the Bank opened and it appeared as if the prompt action of the directors in appointing a well-known firm of auditors and the ability of Mr. Saraiya who met the frantic run on the Bank boldly had restored calm and confidence among the public. Before that, the petition to the High Court for the investigation of the affairs of the Bank made by a single shareholder was withdrawn and Mr. Chunilal Saraiya received a mighty reception and there was general conviction in the market that if the storm could be ridden, Mr. Chunilal was the only one man who could ride it. There was a general desire that he should be given every chance of allaying the storm and as the *Times of India* in its leading article of the 1st December 1913 remarked:

> "There was every justification for this confidence from whatever point he was regarded. Mr. Chunilal was a remarkable man. His talents were such that they would have won for him a high place in any walk of life. The skill with which he organized his great silver deals and bore the heavy burden they entailed with an unruffled mien, the boldness of his operations, the rapidity and daring with which he worked belonged to the sphere of American finance rather than to anything which we are accustomed to associate with the conservative East and with it all he preserved an unaffected simplicity and reserve of manner which made even those who suffered from his operations retain a reluctant admiration for him. In these activities he was indeed a Triton amongst the minnows, and attracted a measure of confidence which none other could inspire. Undoubtedly the temporary success of his operations gave life and force to the particular development of the swadeshi movement with which he was directly associated."

The financial situation in Bombay which held out expectations that there might be some relaxation of the extreme tension that had recently prevailed received a further shock, on Saturday, the 29th, when it was known that Mr. Chunilal had died with dramatic suddenness, and that in consequence of certain facts

which had come to their knowledge, the directors had decided to apply to the Court to go into liquidation. Another swadeshi bank closed on the same day and it naively asserted that that step was necessitated by the death of the Father of Swadeshi banking. The *Times of India* in examining the situation pleaded wisely for a sane view, neither over-estimating the situation nor under-estimating it. It remarked—

> "The commerce and industry of this city are just as firmly based as before these speculations commenced. The staple industry of the city is in a perfectly sound condition. The great trades, despite perhaps some depression in piece-goods, are flourishing; and our finance institutions are perfectly competent, and able to accommodate the legitimate trade focussing in the Presidency."

But there was considerable alarm in the City and up-country and the news of Mr. Chunilal's death was flashed over the wires and appeared in flaming head lines. It is not necessary to go into the details mentioned in the plaint filed by the liquidator against Sir Vithaldas Thackersey and other directors of the Bank to recover the sum of about Rs. 1,67,00,000 but his chief ground was that the managing director having been left without any check or control was in a position to waste and misapply moneys of the Bank and to plunge headlong into wild speculation. The directors virtually abandoned all the powers and functions in favour of the Managing Director and in breach of their duty as directors and of the trust reposed in them as such left the Bank and its property and affairs in the hands of the Managing Director alone practically without any restriction or condition, control or effective check by the directors. Over-confidence thus led to more serious results; many middle-class men, as a result of this crash, were very seriously affected and the failure of the pioneer swadeshi bank clouded the atmosphere in the Indian commercial community. The directors were held responsible and they had to pay large sums of money and Sir Vithaldas himself came in for serious comments and heavy

financial loss. On the 19th January 1914, Sir Vithaldas in writing to his friend Sir Alexander MacRobert at Cawnpore stated:

> "Regarding Specie Bank one has to patiently await developments but I have no doubt everything will be cleared up as the directors were absolutely honest and did *bona fide* work. The fraud has already been proved to the hilt. However, one cannot but feel grieved for the events that have happened which have shaken all confidence in Indian Banking."

The failure of the Indian Specie Bank was followed by the failure of several other Indian joint stock banks so that this period marked a severe set-back to the cause of Indian joint stock banking, from which recovery was slow and tardy.

To such a sensitive mind as Sir Vithaldas', the Specie Bank crash was a great personal blow and for a time it appeared as if he was taking the incident so much to heart that he almost retired from the public life of the country. The year before he had lost his wife and his close friend Govindjee Madhowji. For the next few years, therefore, the activities of Sir Vithaldas were considerably restricted and we do not hear much about him. It speaks not a little for the abilities and the innate optimism of his character however when we notice him quick to take advantage of the situation created by the war not only in restoring his own financial position, but also coming out once more before the public as a great financier and industrialist whose co-operation was almost essential for the success of any important industrial or commercial venture. The greatness of his recuperative powers is further seen by the fact that after the close of the war and the introduction of the Montague-Chelmsford Reforms, that is to say, in the closing years of his life, the one great blot on his career due to the Specie Bank failure was not only washed out but he rose to the pinnacle of fame, enjoying the confidence of both the Government and the people, scheming, organising and floating new lines of development and occupying a position of pre-eminence in the Imperial Legislature as a shining light of Indian industry and commerce.

Bank of Baroda

In 1906, the Baroda State had appointed a European officer, Mr. Whitneck, for the development of industries and trade in that State and His Highness the Maharaja Gaekwar contemplated through him the starting of a commercial bank in his territory. Sir Vithaldas had just increased his reputation as a great banking expert by starting the Indian Specie Bank and he was invited to formulate a scheme for the proposed bank. The scheme was prepared by him and Sir Lallubhai Samaldas and considerable correspondence ensued between them and Mr. Whitneck. On the 28th August 1907, these two financiers brought matters to a head by writing to Mr. Whitneck:

> "We regard it as essential to the success of the proposed Bank, that the Government of Baroda should show its confidence in the institution in a substantial manner. Otherwise among a population unaccustomed to banking institutions like that of Baroda, the bank will find it extremely difficult to make its way. We feel so strongly on this point that if the terms mentioned below are not found satisfactory, it may not be possible, so far as we are concerned, to proceed further with the project, in view of the fact that the Baroda Government's balances are ordinarily deposited with banks in Bombay. The fears expressed in regard to an institution which will have its centre and head office in Baroda seems rather far fetched."

The negotiations resulted in the establishment of the Bank of Baroda. A public meeting on the subject of the proposed bank was held on the 28th July 1908, when His Highness the Maharaja of Gaekwar was also present and when Sir Vithaldas by special invitation addressed the gathering, giving an idea of his thoughts and expectations regarding the bank and the benefits it was capable of conferring on the State and the people. He mentioned the concessions that His Highness's Government had granted to the bank including the deposit of Rs. 1,50,000 at 4 per cent of Rs. 2,50,000 free of interest and the payment of Rs. 10,000 yearly towards the expenses of the management. Those concessions amounted to an annual subsidy of Rs. 40,000 equal to four per

cent on the paid up capital of the bank which was a unique advantage to start with. He pointed out that with the rapid industrial development of Gujarat, with a great increase in the area under cotton during the last few years, with the growth of the mill industry in Ahmedabad and Baroda, the bank placed in the very heart and centre of Gujarat, conducted by persons closely acquainted with the industrial conditions of the Province, cannot but prove successful with the sympathetic encouragement of His Highness and prove a source of credit to the directors and shareholders. He explained briefly but clearly why a separate bank at Baroda was more desirable than a branch of one of the Bombay banks. A separate bank would be in a position to closely study local requirements and local credit and thus be able to help local merchants with greater confidence than any outside bank could be. In the busy season when the demand was the greatest, the Bank through its credit would be able to bring capital from outside places like Bombay and Ahmedabad, while in the slack season it could profitably invest its surplus in large industrial centres at favourable rates. Speaking of His Highness the Maharaja Gaekwar, he referred to his introduction of free national education, the establishment of the Legislative Council, the throwing open of the judicial tribunals to subjects of the State, to the separation of the executive from judicial functions and to the codification of the laws of the State and observed that there was not the least doubt that a bank in a State under such a Maharaja could not fail to command the confidence not only of its subjects but also of the outside investing public. He concluded with an appeal to the Baroda public to subscribe very liberally to the capital and said :—

"In these days when the swadeshi idea is thrilling the country from end to end, it should not require many words on my part to induce the patriotic citizens of this enlightened and progressive State to strain every nerve to make this institution a complete and glorious success. In the last three years, Bombay has started three great Banks which have proved what Indians can do in this line. In Madras and Calcutta, Indian Banks have also been started while in the Punjab

two such Banks have been working for several years past. Among these institutions, the Baroda Bank will take its place as a national institution imbued with the true swadeshi spirit and contributing its share to the building up of the future of our historic motherland."

Sir Vithaldas was appointed Chairman of the first Board of Directors and he continued as such for a great many years. At the first General Meeting of the Bank of Baroda held on the 28th January 1909, His Highness the Maharaja Gaekwar, Col. Meade, the Resident of Baroda, and a large number of shareholders were present. In presenting the general report on the progress of the Bank for six months from July 1907, Sir Vithaldas said that shares of the value of over Rs. 12,00,000 had been subscribed and the subscribed capital being quite sufficient for the needs of the Bank, the accounts would be closed in June next. The Baroda State was liberally helping the Bank by placing large deposits and His Highness himself exceeded the amount under the concession by placing Rs. 9,00,000 as deposit and that the Bank was assured of further deposits from the State if and when required for the purpose of financing the cotton and other main crops of the State. The main profit of a bank, he explained, was realized from the profits of deposits and the larger the deposits in proportion to its capital the better for its shareholders. Loans largely to people of the Baroda State of over Rs. 7,00,000 had already been arranged and sufficient capital was being reserved for financing the cotton crop of the district. Mr. C. E. Rendall was selected by Sir Vithaldas as the Manager of the Bank of Baroda and he continued to function as such till very recently with credit to himself and to the institution.

Indian Bank, Madras

Sir Vithaldas had established his reputation by this time as a great banking expert and was called upon by various people and various centres to draw up schemes of banking institutions and was consulted with regard to the appointment of managers of the banks. Soon after the failure of Messrs. Arbuthnot & Co. of

Madras, a scheme was set on foot for the establishment of the Indian Bank at Madras and Sir V. Krishnaswami Iyer and Dewan Bahadur Krishnaswami Rao as promoters of the Bank desired Sir Vithaldas to help them in selecting a competent manager for the Bank. Apparently, Mr. (now Sir) Lallubhai Samaldas was also consulted in the matter and he had nominated two names for the secretaryship of the Indian Bank, Mr. Vidyasagar Pandya and Mr. Chhotalal Ishwerdas Parekh. Sir V. Krishnaswami Iyer writing from Kodaikanal on the 13th May 1907 asked Sir Vithaldas:

> "Will you kindly let me have your opinion of their character, experience and capacity? I am sorry to trouble you in your multifarious duties but your interest in Indian banking is my apology."

Sir Vithaldas gave his opinion in favour of Mr. Vidyasagar Pandya who by his ability and efficiency subsequently has fully justified Sir Vithaldas' recommendation.

Sir Vithaldas' reputation as a great financier developed further and further and the Baroda State practically looked upon him as a financial adviser to the State so that time after time when co-operative banking and agricultural banks and *pehdis* were started in the State, the schemes were formulated by Sir Vithaldas with his usual care and thoroughness.

Bank of Mysore

A few years later, Mysore thought of starting the Bank of Mysore and Sir M. Visveswarayya consulted Sir Vithaldas at almost every stage of the organization and establishment of the Bank as indeed in all other matters great and small for the industrial development of Mysore. Thus on the 10th of December 1911, proposals for starting a cotton mill at or near Davangere or Harihar were referred to Sir Vithaldas for his advice and suggestion and a few days later a note on the starting of small mills in the Mysore State was also referred to him. Early in 1912, copies of reports on the programme of railways and the big Cauvery project were also referred to him along with a note on the Bank of

Mysore. Sir M. Visveswarayya attached great importance to Sir Vithaldas' advice, opinions and suggestions and was ever anxious that he should be responsible for the Bank of Mysore for the first 2 or 3 years at least. This, however, was not possible in view of the great pressure on Sir Vithaldas' time and energies and all that he could do, and this was not in any way little, was to carefully reply to all questions of detail that were referred to him.

In March 1913, Dewan Bahadur K. P. Puttana Chetty asked Sir Vithaldas at Sir M. Visveswarayya's instance to recommend a capital Indian as Bank manager and Sir Vithaldas in his letter of the 5th April preferred a European Manager. He wrote:

"A European manager of good standing and with plenty of experience is sure to carry greater weight with the Maharaja Saheb when questions arise between the Accountant General and the Bank. You need have no fear about the European manager getting unsympathetic or obstructive. The Bank is a commercial undertaking and it will be the pride of the Manager to make the Bank as great a success as possible. There is no political question involved."

A few days later Sir Vithaldas' assistance was invoked again in the matter of establishing a school of commerce for the Mysore State and in June, Dewan Bahadur Chetty seeks to stimulate a closer interest by telling Sir Vithaldas—

"The Bank is your child and you should take an interest in its development."

In July Sir Vithaldas suggested three names as possible managers, Messrs. Fulton, Rose and Roe and in accepting Sir Vithaldas' recommendation the Dewan Bahadur wrote to him on the 31st of July 1913:

"I have much pleasure to convey to you the thanks of the Board for the valuable help given by you in the matter of selecting a Manager for our Bank and forward herewith for your acceptance a copy of the resolution on the subject. You will be pleased to learn that the Board agreeing with your views have allotted to the foreign subscribers to the full extent of their applications. Thanking you for the great interest

you have evinced in our Bank scheme from the beginning and hoping for a continuance of the same favour."

The collapse of the Indian Specie Bank and the temporary eclipse which Sir Vithaldas' reputation suffered in consequence did not, however, weigh with the Mysore authorities who like the State of Baroda kept up a constant touch with him and sought his advice on numerous matters. Thus Sir M. Visveswarayya consults him about the electric tramway scheme for Bangalore and asks for his advice regarding the appointment of a Chief Judge for Mysore and for a Superintendent of the Chamrajendra Institute. The same friend asks him to send him a brief note on the Kathiawar Ports regarding jurisdiction in police, political and customs matters and acknowledges the value of his suggestions, on the 22nd January 1918, when he writes:

"I am infinitely obliged to you for your valuable suggestions about starting an industrial section in the Mysore Bank. I may perhaps trouble you for further detailed suggestions when we have to give practical effect to the scheme."

and in July of the same year the rough draft order bearing on the proposal to finance trade and industry in Mysore 'on lines very kindly suggested by you' was also sent to him for his final approval. Dewan Bahadur Chetty consults Sir Vithaldas about purchases of Chubb safes and His Highness the Maharaja of Mysore seeks his advice regarding the construction of a strong room in his Palace. This continued confidence of wide awake people like the Mysore authorities is no small testimony to the ability and thoroughness that characterized Sir Vithaldas. Even towards the end of his life on the 13th June 1922 Sir M. Visveswarayya consulted him about the Mysore Iron Works in detail and raised two issues:

"(1) Whether any outside firm will take the work of operation in the preliminary stages and help to finance the working on reasonable terms;

"(2) What should be the ultimate aim, whether the State should keep the working in its own hands or gradually transfer the working to a private company—local or foreign."

Sir Vithaldas replied in the negative to the first point and with regard to the second, he believed that the aim would ultimately depend upon the successful working of the scheme. He toned down, however, his opinion with caution.

"I may say that in that case (the Mysore Bank) I was talking from my experience but in this case that advantage to me is lacking."

Other schemes

In 1907, Sir Vithaldas was consulted by Rai Bahadur Niranjan Mukherjee, the ex-Dewan of Baghelkhand and Maharaj Kumar Sir Pridyot Tagore on the establishment of a swadeshi bank at Calcutta, the Indian Financial Syndicate. In his reply Sir Vithaldas stressed the need for having liquid assets and for fluid resources.

In September 1921, Mr. V. N. Mehta, I.C.S., Director of Industries, U. P., consulted Vithaldas regarding the establishment of an industrial bank for that province. In the course of his reply he expressed his readiness to give his considered opinion on the proposed bank after the preliminary papers and the draft prospectus were received. He stated, however, that if the bank was to be started on the basis of 85 per cent of its working capital in shares, it would be impossible for it to pay its way or to make any reasonable profit to warrant the investing public to take shares in such a bank. To pay its way it must have, he thought, a large deposit money in addition to its issued capital. It would not be possible, he felt, to start and work successfully an independent bank, whose large funds would be locked up in long term loans. Mr. Mehta, however, replied that no such bank had till then been contemplated by Government. He wanted to advise Government to start an industrial bank and therefore had gone to him as "*a past master in banking*" for advice. *Prima facie*, he thought, that a large percentage of the aggregate capital would have to be

earmarked as share capital, because the bank would have to give long term accommodation, in some cases running into 20 years or more and it would not do to trade on the deposit capital the call on which may take place at an inconvenient moment. The bank might have its assets in full and yet these might not be in liquid condition to satisfy the deposits. How to insure against that danger was what the Government had to consider and he thought that if Government gave a sort of a guarantee that a certain nucleus will be left with the bank, private capital might safely be expected to cluster round that nucleus. The matter, however, did not proceed any further and the scheme was dropped.

Not only was Sir Vithaldas' ability recognized all round by Indians but he was also consulted by Government, so much so that when loans were to be floated and promissory notes had to be issued, the Accountant General usually sought his advice and suggestions and sent proof copies and specimen copies of the notes for his approval.

Currency problems

Sir Vithaldas was not only a great expert in banking, but he was also a very keen and earnest student of the currency problems of the country. This problem has been one of the most complicated problems of India and has baffled Indian Finance Members almost year after year; and the fluctuations of the exchange with consequent reaction on the volume and direction of our foreign trade have been such marked features of Indian economics that various commissions and committees have had to be appointed every few years to envisage the problem in all its bearings and to recommend measures to secure stabilization of the exchange and of prices. The problem had become very prominent after the stoppage of the free coinage of silver in Indian mints in the year 1892 and the Fowler Committee which was appointed in 1898 recommended the stabilization of the rupee at 1s. 4d. sterling. In his speeches at the annual meetings of the Millowners' Association and in letters

to newspapers, Vithaldas emphasized the unhealthy reactions of this currency legislation on the mill industry of Bombay, which was placed by it in an unfavourable position as regards Lancashire, China and Japan. In the course of one of his speeches Vithaldas asked—

> "Is it a matter of surprise that with the advantage of 8 per cent to the Lancashire manufacturers and 8 taels per bale to our Japanese competitors given by the short-sighted policy of the Government our industry should fall into unprecedentedly bad times? It has been said that no useful purpose would be served by entering into the discussion of a subject which has been practically settled, as the Government of India will never open the mints to the free coinage of silver. Whether the policy of the Government is changed or not, the fact remains, and I think it ought to be brought to the notice of the Government by a regular agitation."

Writing in the *Times of India* in March 1902 he reiterated his view about the harmfulness of the Indian currency policy, and expressed his strong conviction that with our natural currency we could have defied Japan for years to come and retained the monopoly of coarser yarn in the China market, and he deplored that unfortunately all our natural advantages had been neutralized by an unnatural and artificial currency. He repeated the same views at the Millowners' annual meeting next month and emphasized that the short-sighted policy of the Government in closing the mints to the free coinage of silver was the main cause of the misfortunes.

Currency Reform League

A league called the Indian Currency Reform League was started by Sir Dinshaw Wachha with Vithaldas as its Honorary Secretary to carry on an agitation to reopen the mints to silver or at least to lower the ratio which was 1s. 4d. The prospectus of the League, dated the 25th November 1902, declared:—

> "There is a wide consensus of opinion, among economists as well as business men, that India's economic welfare demands the reopening of the Mints and the resolution passed by the Manchester Chamber of Commerce, in June 1898, urging the same course, has therefore their

full approval. If, however, the Government consider [the reopening of the Mints as impracticable, the League, respectfully pointing out the disastrous consequences of a policy which threatens to impoverish the economic resources of the country, and involve agriculturists, planters and manufacturers into serious difficulties, will pray Government for the lowering of the ratio to such a figure, as would, on the one hand give equilibrium to the country's finances and, on the other hand, substantial relief to producers and others."

The League had a brief existence only but it has some interest to us to-day since at another great epoch in India's history —the establishment of the Reserve Bank of India as the bankers' bank and as the controller of the country's currency policy—a similar currency league has been started in Bombay which strives hard to bring down the ratio from 1s. 6d. to 1s. 4d. and to give the Reserve Bank a free hand in deciding the ratio question.

At the 18th sessions of the Indian National Congress held at Ahmedabad on the 23rd December 1902 and subsequent days, Vithaldas moved the following resolution :—

"That this Congress strongly reiterates its protest against the currency legislation of 1893 which has artificially enhanced the value of the rupee by more than 30 per cent which indirectly enhances all taxation to that extent and which while giving the Government large surpluses from year to year affects most injuriously the interests of the agriculturists and other producers of this country."

Though this agitation stopped soon, Sir Vithaldas continued to be a keen and an earnest student of our artificial and managed currency system and in the Imperial Legislative Council during his short connection with it for three years, he contributed to its debates eloquent and substantial speeches on the currency system. We have in a previous chapter referred to these speeches where Sir Vithaldas had reviewed the exchange and currency policy of the Government and urged that the time had come to carry out the oft repeated declaration to introduce a gold standard and currency and to bring to India a substantial portion of the gold standard reserve. Lord Meston, the then Finance Secretary to the Govern-

ment of India, expressed his personal agreement very much with what Vithaldas had said in his "interesting and thoughtful speech," while Sir Guy Fleetwood Wilson, the Finance Member, also complimented Sir Vithaldas on "his most interesting remarks on our currency system" and added :—

> "I am glad that the Hon. Member has raised the question to-day. His views on the importance of a gold coinage in India must necessarily carry great weight and much has happened since 1902 which justifies the reopening of a question so closely associated with the success of our gold standard. I shall have pleasure in examining the subject again at an early date and I shall take care that the weighty expression of opinion which we have heard from my Hon. friend to-day is fully represented to the Home Government."

Lord Meston agreed in a considerable measure with the views of Sir Vithaldas and in a letter to him, dated the 29th May 1911, he stated :—

> "I have just read your excellent reply to the Statist on the subject of the gold coinage. I have rarely come across anything more wrong headed and confused than the articles in the Statist, and I am very glad indeed that you have pulverised them and that the *Times of India* and Mr. (now Sir Montague) Webb have accorded you such complete support. I have been in bad health for some time, and consequently unable to take up the question ; but I hope to do so next week in all seriousness and work out a scheme for the consideration of the commercial bodies in India as well as of the various Local Governments."

Chamberlain Commission

Soon after this, the Chamberlain Commission on Currency was appointed in 1913 and Sir Vithaldas was invited by cable on the 5th July 1913 to attend in London to give evidence towards the end of July or the beginning of August and to send a written statement of evidence if it was not convenient for him to attend before it. Sir Vithaldas replied thanking the Commission for the invitation but regretting inability to go to London and consenting to send a written statement on receipt of the interrogatories. He then

presented his ideas to them with clearness and wisdom. In the course of his evidence he said :—

> "I am in favour of opening a mint in India for the free coinage of gold and no seigniorage be charged for the coinage of such gold, otherwise the very object of starting a gold mint will be frustrated. I have advocated in the Imperial Council the coinage of ten rupees gold pieces as I consider that that is a very suitable and very convenient unit for the people. For ignorant people the decimal unit is easier for calculation of large sums and moreover India can independently have such a coin. If there is no difficulty in the Royal Mint opening a branch in India I do not mind coining sovereigns, as there is no doubt there are certain advantages in having a sovereign as our current coin. There is now a further argument in favour of the sovereign inasmuch as British sovereigns are already in large circulation in India and are known to the people."

He further went on to say that he could not understand the great fuss the Royal Mint had been making about the control when the Bombay Mint officials were under the proper control of the Government of India and through them the Secretary of State. With regard to the argument that gold was expensive and wasteful, he observed, that the same thing might be said about all the countries in the world. He advocated a special gold standard reserve a portion of which could be held in actual gold in India. Until a pucca gold currency was introduced in India, that is to say, gold standard with a gold currency, he would, he said, go on increasing the gold standard reserve without fixing a maximum. He would not mind investing a part of the reserve in securities but only in short dated bonds and not in any permanent securities, the realization of which might create difficulties at a time when we wanted to realize money on the same. With regard to the evil of holding gold in England, he reiterated, the arguments he had advanced in that connection in his Council speech. He did not object to follow the then current practice of holding silver in the gold standard reserve but he frankly did not see the wisdom or the

advantage of introducing such a system. He would prefer to hold silver in the paper currency reserve instead of gold and to hold no silver in the gold standard reserve. He had never been able to understand why silver was held in the gold standard reserve where in case of need only gold was needed and gold in the paper currency reserve where in case of need silver was needed. He was not a great advocate of a Central Bank, but he admitted that the establishment of a Central Bank was practically impossible without handing over the Paper Currency Reserve to it. From the country's point of view, the management as then of the paper currency was the greatest advantage to it and the paper currency was getting more and more popular every day and he was convinced that the circulation would be still further increased under the then current policy. It was difficult to estimate, he said, the effect of the transfer of paper currency to the Central Bank on the people but there was the danger in a country like India where a large population was steeped in ignorance, of creating suspicion in the minds of the people, that the Government were relieving themselves of the responsibility for paying money for currency notes and transferring that responsibility to the Bank. Sir Vithaldas stated further :

"In recent years Government had been receiving in the Treasury more gold than it could possibly hold and all possible funds that could be held in gold had been held by the Government of India in gold. The maximum quantity of the gold standard reserve, a large portion of the Paper Currency Reserve and a certain portion of the cash balances were held in gold. It is now impossible for the Government of India to hold any more gold and if gold comes in Government will have to sell it, buy silver and coin rupees. The time has now come for making a bold effort in the direction of putting our currency on the proper gold standard. I suggest that Government should in future issue currency notes payable in gold. Such currency notes should be universal in India and facilities for cashing them should be increased in as many more places as possible. There is not the slightest difficulty in increasing these facilities as Government will have no difficulty in meeting the possible

demand in all places. The popularity of the currency notes would increase owing to the greater facility of encashment and the reserve of gold with Government will be continually on the increase and there will be no necessity to sell gold or buy silver for the rupee reserve beyond the demand for rupees which may have to be given in exchange for gold. The rupee will become a subsidiary coin and we shall be nearing the day of the proper gold standard."

The Secretary of the Chamberlain Commission conveyed to Sir Vithaldas an expression of the Commission's thanks for the statement of his views on the subject referred to the Commission and stated that they proposed to include it among the appendices to the final report of the Commission.

Babington-Smith Committee

The Great War made it, however, necessary to again investigate into the financial and currency policy of the country and in 1919, the Babington-Smith Currency Committee was appointed. Sir Vithaldas was at that time touring Japan, America and England and was examined orally by the Committee, and his evidence was very impressive and weighty. On his return from his foreign tour Sir Vithaldas was elected to the Legislative Assembly in 1921, where he brought again almost the same resolution, which he had introduced in 1912 in the Imperial Legislative Council at Calcutta. The report of the Babington-Smith Committee was hardly likely to mend matters as it was based on a false assumption that the prices of silver would soar high, despite the warning given by the only Indian Member of the Committee—Sir Dadiba Dalal. The ratio of 2s. recommended by that Committee was a very unnatural ratio and Sir Vithaldas desired that it should be scrapped. His resolution was unfortunately lost by only four votes; but the arguments that he used on the occasion still afford a fruitful field of study for the student of currency and finance in India. Sir Vithaldas was not content to remain a loser and he believed in persistent agitation in a cause which he believed to be right, and he gave notice next year on the 6th of June declaring his intention to move for leave to introduce

in the Legislative Assembly a bill further to amend the Indian Coinage Act of 1906. This intention he could not carry into effect inasmuch as he died early in August.

There is no doubt whatever that in him India lost a very stout champion of the gold standard in India which as most Indian economists are agreed is the only solution of the numerous complications and difficulties introduced in finance, trade and in every branch of the economic welfare of the country by the artificially managed system of currency linked now not with gold but with sterling. Considering the complexities of the problem, it is a wonder how without any theoretical academic education preparing the foundation, Sir Vithaldas, who was ever so busy in such a multitude of things, could find time to acquire a firm grasp and a clear vision of all that the country needed for the solution for its currency troubles. His arguments carried conviction, at any rate considerable weight even with Government benches which were swayed by other points of view. Since Sir Vithaldas' death, another currency commission was appointed and this recognized the absurdity of the unnatural ratio of 2s. to the rupee and brought it down to 1s. 6d. and recommended that the gold exchange standard should be replaced by a gold bullion standard. A few years after, the great wave of economic depression led to the devaluation of the pound which went off gold and curiously enough the rupee was also taken off gold and linked to sterling, so that we have at present a peculiar currency system—the sterling exchange standard. The establishment of the Reserve Bank has brought the ratio controversy to the fore. So goes on the story of the rupee and the pound and gold—in which Sir Vithaldas fought valiantly, debated stalwartly, argued convincingly, agitated consistently, but without achieving any substantial victory, unless the creation of a strong public opinion on the question can be regarded as a measure of success.

# CHAPTER VII

## THE CO-OPERATIVE MOVEMENT

*Sir Lallubhai Samaldas. Early schemes for agricultural finance. Scheme for a central bank. Bombay Central Co-operative Bank. Finance in the Nira Canal Area. Adult education. Provincial Co-operative Institute. Co-operation and adult education. Rural reconstruction.*

While we have traced so far the career of Sir Vithaldas as a city father and a legislator and while we have reviewed his contribution to the industrial development, banking organization of the country and his insistent fight for the termination of the currency muddle, we have not touched so far on his abiding interest in the welfare of the agriculturist and the organisation of agricultural finance in a manner suitable to the conditions of the country. Indeed, Sir Vithaldas' constructive endeavours for the public can best be exemplified by his practical work in the Co-operative Movement from the early period of its inception. Lord Curzon's administration was made memorable by the passing of legislation for establishing co-operative credit societies. One of the earliest to take an interest in the movement on this side of the country was Mr. (now Sir) Lallubhai Samaldas and he was soon joined by Vithaldas. The two men together have done more for placing the movement on a suitable foundation in this Presidency than any other individual or body of men. Although Sir Vithaldas and Sir Lallubhai were the promoters of the Bombay Central Co-operative Bank (now called the Provincial Co-operative Bank) each of them began to take interest in the Movement independently of the other.

Sir Lallubhai began his work in Gujarat by helping the Collectors of Ahmedabad and Kaira in starting the first primary co-operative credit societies in each district while Sir Vithaldas undertook the establishment of the co-operative urban bank to help to finance the primary societies. At the request of the then Registrar Mr. James McNeill, who later on held the office for some time of the Governor-General of the Irish Free State, Sir Vithaldas started that bank with a capital of Rs. 20,000, the amount being subscribed by himself and nine personal friends most of whom subscribed Rs. 2,000 each, more to please Sir Vithaldas than because, they believed in the Co-operative Movement. It was then that Sir Vithaldas asked Sir Lallubhai to join him in the formation of the bank and thus was laid the foundation stone of the present Bombay Provincial Co-operative Bank. Sir Vithaldas and Sir Lallubhai had come into touch with each other in many other activities, but the devotion of both to the cause of Co-operation and to the Central Co-operative Bank stimulated their friendship into intimate brotherly relations which lasted till Sir Vithaldas' untimely death.

Sir Lallubhai Samaldas.

It was during his visit to Calcutta in 1906 to preside over the All-India Industrial Conference that he learnt from an authoritative official source that a movement was being engineered by a British capitalist to establish a bank with British capital to finance the agriculturists of India somewhat on the lines of the Egyptian Agricultural Bank. Sir Lallubhai interviewed that gentleman and later on saw the then private secretary to His Excellency Lord Minto and explained the whole situation to him emphasizing that Bombay was prepared to start a bank of that character and that if any guarantees were given by Government to an agricultural bank, Indian capital should be invited in the first instance,—inasmuch as he was anxious that foreign capital should not be allowed to exploit the agriculturists of India. Sir Vithaldas

Early schemes for agricultural finance.

prepared a scheme for an agricultural bank with a share capital assisted by Government-guaranteed debentures and published it in the *Times of India Illustrated Weekly* on the 7th August 1907. The scheme was strongly criticised in the daily *Times of India* from the co-operative standpoint as being against the principle of self-help and a controversy was carried on in that paper between the writer of the criticism and Sir Lallubhai who had taken up the challenge on Sir Vithaldas' behalf.

In September 1908, Dewan Bahadur Ramchandra Rao, the Registrar of Co-operative Societies, Madras, saw Sir Lallubhai at Bombay while he was on his way to attend the Registrars' Conference at Simla to be held in October. It was from him that Sir Lallubhai got the information that the question of an All-India Co-operative Bank was likely to be discussed at that Conference. Sir Vithaldas would have very much liked to go to Simla on this occasion to put his scheme before the Conference but work on the Factory Commission had so tired him and had so disorganized his own business that he did not like to be then absent from Bombay even for a week. He, therefore, wrote to Government recommending the nomination of Sir Lallubhai as the non-official representative to that Conference from Bombay. Government agreed and Sir Vithaldas pressed Sir Lallubhai to accept the nomination and considerably facilitated his task by placing his Simla bungalow at Sir Lallubhai's disposal, by giving him letters of introduction to the Finance and Revenue Members and by settling lines on which the scheme amended in the light of the criticism received was to be prepared and submitted to the Conference.

Soon after the sitting of the first conference, the chairman asked Sir Lallubhai to meet the representative of an English syndicate which also was anxious to start an All-India Co-operative Bank with Government subsidy. The English capitalist was, however, not prepared to disclose his scheme nor to discuss the matter and Sir Vithaldas' scheme was duly presented by Sir

Lallubhai to the Registrars' Conference. The scheme was criticized from various view-points at that Conference and Sir Lallubhai left Simla with no hopes that a scheme of a similar character would be approved of by the Government of India even for one Presidency.

Scheme for a central bank

Nothing happened for the next eight months till June 1909 when Sir Vithaldas received a letter from the Private Secretary to the Governor of Bombay asking him to see the representative of the British capitalist syndicate and try if they together could evolve a scheme in which Indian and English capitalists could join both as regards capital and management. Sir Lallubhai was also present at the interview and the two friends soon saw that they could not join with the British capitalists mainly because their scheme was based entirely on Government assistance and was more to exploit Indian agriculturists than to help them. The objections to the scheme prepared by the British capitalists for an agricultural bank of India were communicated by Sir Vithaldas to the Private Secretary and were considered so weighty by both the Provincial and Central Governments that the scheme was finally rejected. The criticisms of the co-operative conference and the difficulties that were found in the way of working an all-India scheme led Vithaldas to modify his original scheme and make it applicable to the Bombay Presidency only. The modified scheme was submitted to the Government of Bombay in the joint names of both the friends though most of the correspondence was carried on by Sir Vithaldas himself. It was during these discussions of the scheme that Sir Lallubhai too realized how thorough Sir Vithaldas' grasp had been not only on the financial side but also on the co-operative side of the movement and how genuine his desire was to raise the economic condition of the agriculturists and it was this realization that drew the two friends nearer to each other than anything else had done before. The Government of Bombay and particularly His Excellency Sir George Sydenham Clarke and

the Revenue Member the Hon'ble Mr. (afterwards Sir Muir) Mackenzie were very sympathetic to the scheme. They examined all the details very thoroughly and suggested a number of modifications and the correspondence that passed between Sir Vithaldas and the Hon'ble Member and the Secretary was always carried on in a friendly spirit with only one desire, namely, to explore all avenues for preparing a workable scheme such as would receive the assent of the Government of India and the Secretary of State. The Presidency and the Co-operative Department of Bombay will always feel grateful to the then Bombay Government both for the boldness in making a striking experiment in co-operative finance and for the sympathy towards the agriculturists and towards those who wanted to help them. The first notice of the scheme which was submitted in October 1909 was taken in the Government Resolution reviewing the work of the Co-operative Movement in 1910 in the following terms—

> "It is satisfactory, as remarked by the Director of Agriculture and of Co-operative Credit Societies, that Urban Societies have succeeded to a small extent in raising loans in the open market, but it will take some years before rural societies are able to do the same. The credit and influence of their members, many of whom are reduced in circumstances owing to a succession of bad seasons from which they are just beginning to recover, is considerably less than that of members of urban societies. For this reason Government have strongly supported a scheme of the Hon'ble Sir Vithaldas Thackersey and the Hon'ble Mr. Lallubhai Samaldas for starting a Central Bank with the help of a Government guarantee. The institution of such a bank will give rural societies facilities for financing themselves on the basis of co-operative credit, and it is hoped will cause them to increase both in numbers and activities."

The Government of India in their notification of the 6th May 1910 made a mention of Sir Vithaldas' scheme as being still under consideration but stated that the problem of supervision had not till then been finally solved. In July 1910, the Revenue Secretary to the Government of Bombay asked Sir Vithaldas whether the scheme which provided for a share capital of 5 lakhs and for the issue of 25 lakhs of debentures could not be modified

so as to increase the proportion of share capital and reduce the debentures stock so that the two may be equal. Sir Vithaldas in his reply explained why it was necessary to have a debenture issue of four times the paid-up capital and disarmed the Government position which was based on the ground that the shareholders were likely to make very huge profits, out of the margin between the lending interest and the debenture interest by saying in his letter of the 29th July :—

> "We may also take this opportunity of stating for your information that we propose to provide in the Articles of Association that in any year when the net profits of the Bank enable the Directors to declare a dividend of six per cent one half of the excess profit shall be returned to the Co-operative Societies as bonus, by way of reduction in their interest charges of that year until the rate of interest on loans to Societies comes down to six per cent."

This clause about giving a bonus to Co-operative Societies had a very great effect on Government and also on the Secretary of State, for in cabling his approval of the scheme to the Viceroy on the 21st March 1911, he said:—

> "Please instruct Government of Bombay to take care that proposal regarding bonuses to Co-operative Credit Societies contained in paragraph 5 of Thackersey's letter of the 29th July is made effective."

**Bombay Central Co-operative Bank.**

When the Government of Bombay communicated the sanction of the Secretary of State to Sir Vithaldas the work of preparing a prospectus of the new Bank and of having a draft agreement with the Secretary of State prepared by solicitors was taken in hand. Sir Vithaldas by his personal influence was able to secure the co-operation of eminent public citizens of Bombay on the directorate and the first Board consisted of Sir Vithaldas himself, the Hon'ble Mr. G. K. Gokhale, Sir Shapurji Bharucha, Sir Fazulbhoy Currimboy, Sir Stanley Reed, Sir Prabhashankar Pattani, Mr. Narottam Morarji, Sardar Kuppuswamy Mudaliar, Mr. Charandas Chaturbhuj, Raja Saheb

Sambhusing and the Hon. Mr. Lallubhai Samaldas. A prospectus of the Bank was issued and the whole share capital was subscribed within the allotted time. His Excellency the Governor conveyed his message of good-will on the successful floatation of the Bank in a letter, dated Mahableshwar, 27th October 1911 :—

"Many thanks for letting me know about the initial prospect of the Bank. It is all most hopeful and encouraging, which must be a great satisfaction to you. I am thankful that the long delays are over and that you are at length able to make a start.

It seems like many years since you first unfolded the scheme to me, and as you know, I have done everything possible to get sanction.

I firmly believe that it will make the beginning of a great economic advance. To demonstrate the fact that Indian capital on reasonable terms can be made available for the purpose of co-operative societies and to stimulate agricultural progress will have far-reaching results, which I trust you will live to see.

This will be the best reward you could have for all the thought and trouble you are giving for the public welfare."

Sir Vithaldas was deeply touched by the letter and in his reply emphasized that the successful launching of the institution was largely due to the strenuous and unwavering support of the Governor. He stated—

"Among the many enduring institutions which will remain to commemorate your Excellency's beneficent regime, not the least important will be the Central Bank which will in the fulness of time redeem our ryots from the curse of indebtedness and enable them to enjoy the full fruition of their labours. I once again thank your Excellency for your invaluable support but for which it may not have been received the sanction of the Secretary of State. I trust that the results of its work will amply justify the confidence which your Excellency has shown in the capacity of Indian capital to cope with the problem of agricultural credit, with sufficient encouragement at the hands of Government."

Finance in the Nira Canal area

While this preliminary work was going on Sir Vithaldas was actively engaged in forming a large number of co-operative societies in the Nira Valley area. The Bombay Government had been working at the tagavi scheme in

that area for a number of years and they were anxious that the responsibility of financing the cane-growers there should be taken over by the new Bank. The slow growth of the movement and the desire from a financial point of view to find a suitable investment of a large sum induced Sir Vithaldas to take up this responsibility though he insisted that Government should appoint a special mamlatdar to help the Bank in assessing the credits of the members of the societies and also in recovering the loans advanced to them.

During the first few years Sir Vithaldas had not only to work as Chairman of the Board of Directors but to discuss the general policy of Co-operative Banking with the Registrar and lay down the lines and future progress in consultation with him and help the management to work the Bank successfully.

At the first statutory meeting of the Bank in 1912, Sir Vithaldas presented a brief report on the working of the Bank and stressed that the Directors' policy was to lend after proper enquiry and full knowledge even at the risk of slow progress. He referred to the opening of a branch of the Bank at Baramati in order to give facility of cash payment to a large number of societies there. The Baramati branch soon began to undertake to sell the jaggery produced by the members of the societies on commission and also proposed to supply to the societies on a small commission the manure required by them.

Shortly after the opening of the Bank the first secretary resigned to better his prospects and Mr. Vaikunth L. Mehta, son of Sir Lallubhai Samaldas, was selected as its secretary. Mr. Vaikunth has fully justified his selection and he continues to-day his association with the Bank as the Managing Director. Sir Vithaldas was connected with the Bank as chairman and director from the start of the Bank to his sad and untimely death and his interest in the movement never flagged. The high level of efficiency in co-operative finance attained by this Bank would not have been possible had it not been for Sir Vithaldas' control of the management

in its early days and for his guidance, either direct or indirect, throughout all these years.

Adult education

Sir Vithaldas' interest in the Co-operative Movement was not confined merely to co-operative finance. After a few years of practical experience of the working of the Bank and of the societies financed by it, he realized that the movement could never progress on right and sound lines until the members of the societies and particularly the members of the managing committees were trained in their work and until their illiteracy was removed. He, therefore, prepared a scheme for adult education and gave a large amount annually for working that scheme. The scheme has been referred to in a later chapter in connection with Sir Vithaldas' charities and philanthropy. Till the grant was withdrawn by his executors after his death the scheme showed satisfactory results but unfortunately Government could not continue the scheme and finance it out of provincial funds so that all the good work that was attempted by Vithaldas in this direction has been practically nullified.

Provincial Co-operative Institute.

Sir Vithaldas took an active interest in the various co-operative conferences that were held in the Presidency and though Sir Lallubhai was elected the first Vice President of the Provincial Co-operative Institute, he took a very sympathetic interest in the working of that organisation. He felt that it was very necessary to have a building specially constructed for the Co-operative Institute which could rent out a flat to the Bank and which would also provide accommodation for the office of the Assistant Registrar of Co-operative Societies, Bombay Division. It was his idea thus to bring the three great arms of the Co-operative Movement—the administrative, financial and propagandist—into one building which might develop into a Temple of Co-operation—a sort of a Holyoake House for Bombay. It was in connection with the scheme for erecting this building that

the writer was brought first into touch with his magnetic personality when Mr. Rothfield, the Registrar, Mr. G. K. Devadhar, who succeeded Sir Lallubhai as the Vice President and the writer called upon him at Damodar Bhuwan. The hand of death, however, soon removed him from our midst and the scheme for the Institute's building that he started was left unaccomplished. The Government of Bombay took official notice of the death of this veteran co-operator in a resolution (No. 5958), dated the 8th September 1922. The resolution stated :—

"Government have heard with great regret of the sudden death of the late Sir Vithaldas D. Thackersey, Chairman of the Bombay Central Co-operative Bank. With the Hon'ble Mr. Lallubhai Samaldas, C.I.E., Sir Vithaldas was one of the original promoters of the Bank and with his business ability and deep belief in the possibilities of the Co-operative Movement he contributed in a pre-eminent degree to its success. By his generous donations of night schools for the education of the co-operators he won the gratitude of the humble members of the movement. It is regretted that he should have died before he could view the erection of the building designed for the Bombay Central Co-operative Institute as well as the Provincial Co-operative Bank, a scheme to which he had devoted his enthusiasm and practical ability and which, when completed will recall to co-operators Sir Vithaldas' active and fervent belief in the movement as securing the rapid and harmonious advance of national credit, industry and prosperity."

Co-operators in the Presidency, however, recognized the obligation that Sir Vithaldas had placed them under and to commemorate all the good work that he had done for the movement decided to perpetuate his memory by erecting a building for the Co-operative Institute and to name it after him. The building was opened by his Excellency the Governor on the 5th August 1925 and has been named after him as the "Sir Vithaldas Thackersey Memorial Building."

Co-operation and adult education

The Co-operative Movement in which Sir Vithaldas so consistently took an interest and with which he identified himself so very com-

pletely and thoroughly was to him by no means an end in itself but a means to an end, and that end was the economic regeneration of the rural population which formed such an overwhelming percentage of the total population of India. He believed firmly that the economic progress of the country was bound up intimately with the amelioration of the conditions of life of agriculturists and towards this end he sought to employ two instruments—the organisation of agricultural finance on a co-operative basis by building up the financial structure of the Co-operative Movement in the shape of primary credit societies, district central banks and the provincial apex bank and adult education through night schools for the removal of the curse of illiteracy which was the great rock on which all plans of rural uplift had been shipwrecked. In the course of his foreword to the Treatise on Agriculture by Mr. S. R. Sayani, Sir Vithaldas expounded his views in this connection and emphatically expressed his opinion that the industrial and economic progress of India was in a large measure bound up in a well developed scientific agriculture. It was idle, he observed, to blame the cultivator for his extreme conservatism and his unwillingness to introduce modern improvements inasmuch as experience had shown that he did not hesitate to accept improvements of proved value for the success of agriculture and to abandon the old primitive methods. He cannot be blamed if he did not introduce improved implements at once, the heavier iron plough for instance which his team of oxen could not possibly draw or delicate machinery which could not easily and cheaply be kept in repair by the village carpenter. Further his extreme poverty was a positive bar to his purchasing costly agricultural machinery. It was on this account that Sir Vithaldas became a firm believer in co-operative methods in the proper application of which lay the salvation of the agriculturists and the solution of his numerous problems, credit, supply and sale, and for improving the moral tone of society by replacing individualism by co-operation, self-advancement by group development and

mutual help and inferiority complex by self-respect born of self-help. Sir Vithaldas observed—

> "In this connection I may take this opportunity of expressing my strong belief in the value of the co-operative movement, represented by the co-operative credit societies that have been started in different parts of the country. Carefully worked, I think it will help the ryot to solve many of the problems of agriculture, and at the same time to lay the foundations of a character for public spirit and self-sacrifice."

At about the same time Sir Vithaldas had occasion to address the Agricultural Conference where also he reiterated his profound belief in the extreme urgency of taking up earnestly in hand, the problems of adult education for the masses in the country and for the organization of agricultural finance. He observed—

> "When the Department has done its utmost, it cannot hope to have its results accepted widely unless the cultivating class is better educated and had easy access to cheap capital. The education is necessary not only to make them understand the improvements suggested by the Department but to make them believe that these improvements are rational and not mere tricks of the scientists..... We must first improve the agriculturists, before we can hope to improve agriculture ..... Cannot the Agricultural Department send also an itinerant school master to teach the ryot the three R's. during his intervals of labour? Then as to capital, I note that in more than one place the Report says what is wanted is a farmer with some capital. At present, such a combination of a cultivating agriculturist and capitalist is somewhat rare. We can, however, arrange to provide capital on easy terms to every good farmer by the establishment of a Central Agricultural Bank, dealing with Village Societies. I have framed a scheme for such a Bank in conjunction with Mr. Lallubhai Samaldas and it has been favourably received by the Local Government."

Rural reconstruction

To-day about a quarter of a century has passed since Sir Vithaldas agitated and worked with the two instruments of adult education and co-operative credit to bring about the economic regeneration of the agriculturists in the land. Thanks to his pioneering effort seconded ably by his friend and colleague Sir Lallubhai Samaldas, co-operative credit has been successfully

organized in the Presidency as also in the rest of India, but the results so far as village improvement is concerned have not been commensurate either with the trouble taken by officials and non-officials alike or with the anticipations of the great pioneers and the reason is not far to seek. Sir Vithaldas' second instrument was an absolutely essential means to bring about the success so fondly expected of co-operative credit. The redemption of old debts, disappearance of usury, a fair return for his trouble and a rise in his standard of life, both economic and moral, could not be achieved by co-operative credit alone unless vigorously assisted by adult education. It is only recently that co-operators and all others interested in rural economics have realized more intensely than ever what Sir Vithaldas so incessantly sought to emphasize and so liberally tried to carry out through his night schools, namely, the urgent need for taking up the whole problem of rural reconstruction and village uplift in which the problem of adult education stands in the very forefront. The Provincial Governments are becoming increasingly alive to the importance of the village and its economics. The Punjab, for example, is forgoing vigorously ahead in this direction and has appointed for the purpose an able officer Mr. Brayne of Gurgaon fame for rural reconstruction. In our own Presidency His Excellency Sir Frederick Sykes waged an incessant campaign for village uplift work in the closing year of his term of office and has laid down lines along which village uplift work is to be carried on a mass scale instead of at experimental stations conducted and established by well-meaning enthusiasts. It is only when the villager is roused up, when his ignorance is removed, when his illiteracy becomes a thing of the past that the fruits of the co-operative organization of his credit and non-credit needs will be reaped. Twenty-five years thus have but confirmed the vision of Sir Vithaldas who stands vindicated to-day so fully by the conviction of adult education being a condition precedent to all attempts at the economic regeneration of the agricultural population of India.

# CHAPTER VIII

## OTHER ACTIVITIES

*Overcrowding in Bombay. Education. Religious and moral education. The Hindu University, Benares. Commercial education. Sydenham College of Commerce and Economics. Morley Minto Reforms. Public Service Commission. Minor matters.*

The outstanding features of Sir Vithaldas' career were, as we have so far seen, five. He played a prominent part in the civic life of the great metropolis of Western India—Bombay, and won for himself the highest honour that the city could bestow on its servants by being elected its Mayor. He played a more conspicuous part in the legislatures of the country, the Provincial and the Central, and won for himself a very high place among the stalwart champions of the Indian national view-point in all things that affected the economic welfare of India. He stood forth besides by profession a great industrialist and contributed in no small measure to the rapid industrialization of the country during the first two decades of the present century and we have seen how he was not merely a great millowner interested in the textile industry but also alive to diverse other industrial undertakings such as mining, transport and cement works. He distinguished himself no less as a financier of outstanding abilities who pioneered the cause of Indian joint-stock banking and fought valiantly for shaping right the exchange and currency policy of the Government. We have also seen how he though absorbed in high finance and modern industrialism and though devoted to high politics was none the less an ardent sympathiser of the agriculturists, the backbone of the country and how he strove to raise them from the

slough of despondence, the hopelessness of indebtedness, the abyss of ignorance and the curse of illiteracy and from despairing fatalism to the plane of hope and self-respect. In later chapters we shall trace the characteristics and heart of the man, his munificence and philanthropy, his charities and donations in causes dear to his heart and his relations with friends and relatives. In this chapter we propose to refer to some of the other activities that engaged the attention of this great personality.

Overcrowding in Bombay

Sir Vithaldas felt very acutely about the overcrowding in Bombay and before he got involved in weightier problems of national importance, he fought strenuously for arriving at some solution of Bombay's housing problems. When the City Improvement Trust was established and when the scheme for pulling down or redeeming insanitary dwellings was discussed Vithaldas had expressed his views on the subject in the Corporation. It was the plague that had at first drawn public attention to this problem of overcrowding which led to the establishment of the City of Bombay Improvement Trust. In the course of some weighty observations on the housing problem in Bombay in the Bombay Legislative Council he expressed surprise that among the measures taken during the last few years since the plague broke out, nothing practically had been done to mitigate one of the main causes, namely, overcrowding in the worst parts of the Bombay City. He maintained that overcrowding had considerably increased since the plague operations commenced owing to wholesale destruction of houses by the Improvement Trust. Rents had risen by 25 per cent in the Indian quarters, labour had become scarce and business had suffered. The housing problem therefore could not be solved by the Improvement Trust building a few chawls for a few hundred persons here and there. They had to provide better houses for the thousands of the poor classes which could only be done by private enterprise. "If private capitalists were encouraged," he observed, "to build chawls on plans approv-

ed by the Improvement Trust by a grant-in-aid policy, hundreds of chawls would be shortly raised and the overcrowding removed." His suggestion was that those capitalists who undertook to build chawls for the working classes on their own land according to approved plans should be given loans at 4 per cent per annum to the extent of half the cost of the chawls and 1½ per cent might be charged for the sinking fund. Thus the whole amount would be recovered within 40 years. The advantages of his ideas as he pointed out were that chawls on approved plans would be provided for the masses within a very short time for one-third of the outlay, which would otherwise be required by the Trust; accommodation for 50,000 persons could be provided; overcrowding would be removed; the Improvement Trust would sustain no pecuniary loss; the arrangement would automatically adjust the supply of house room to demand; with better housing, mortality would decrease; and with the extended accommodation, plague would be more easily controlled.

The Government of Bombay in reply to Vithaldas' letter embodying his scheme informed him on 19th February 1904—

> "Government have under consideration a proposal made by the City Improvement Trustees to the effect that the Board may be empowered by suitable amendments in the Act to give facilities to public bodies, mill companies and other large employers of the working classes to provide suitable housing accommodation for such classes and the Government hoped to amend the Act in the direction indicated."

The scheme evoked a great deal of comment in the public press. Foremost among the critics was Mr. Jamsetji Ardeshir Wadia who had strongly supported Vithaldas in his currency agitation, but who on this occasion turned against him. A spirited controversy went on in which Mr. George Lund entered the lists against the scheme. Reading the letters on both sides at this distance of time one cannot but be astonished at the feelings shown by some of the writers. One of the correspondents wrote—

"Sir Vithaldas says that he has already got 25 supporters. He takes good care to keep back their names because I know from better experience that native supporters are sometimes slippery. Without in any way being offensive to Mr. Vithaldas my idea of Bombay public men barring a few exceptances is not high. They are to my mind, in the words of Macaulay, simpering mediocrities running after notoriety."

The writer ended by suggesting that some high officials were merely using good Mr. Vithaldas as a convenience. Vithaldas referred again to his housing scheme in his speech on the budget in August 1904 and an Amending Bill to the Improvement Trust Act was introduced later but only a few mills have taken advantage of the clause introduced in the Act on the lines of Sir Vithaldas' scheme. In spite of this, however, Sir Vithaldas persevered and spoke at length on the poor classes accommodation scheme in the Bombay Legislative Council in 1907 on the occasion of the Amendment Bill to the City of Bombay Improvement Trust Act.

In 1909 he placed before the public another scheme over his signature—a building scheme for the middle classes. This scheme was based upon co-operative principles by which men of small means could build a comfortable residence for themselves. This scheme remained on paper merely but as a result of it another scheme was developed which was discussed in the *Times of India* in January 1910. The main ideas which emanated from Vithaldas were to form a syndicate on identical lines with the Building Society in England, to purchase land from the Improvement Trust and build thereon houses of all patterns of which the tenants or others may become purchasers by depositing a comparatively small sum of money on joining the society and paying monthly instalments for a number of years, the amount varying according to the numbers of years in which the purchase is to be completed. In this scheme among the prime movers were, besides Vithaldas himself, Mr. Lallubhai Samaldas and Mr. Marsland of Marsland Price and Co. The enthusiasm of Mr. Marsland and the tact and

influence of Sir Vithaldas and Mr. Lallubhai Samaldas resulted in the establishment of the Bombay Villas Syndicate for building small decent bungalows on the Improvement Trust plots in Gamdevi, Bombay, and this syndicate was instrumental in building several of the beautiful residences in Gamdevi to-day.

His Excellency Sir George Clarke shared with Vithaldas the keen desire to do something for Bombay's housing problem Writing to Sir Vithaldas on the 19th July 1912, he observed:—

"There is another matter I forgot to speak about the other day. Have you read Mr. Orr's lecture on 'Light and Air in Bombay'. It discloses an appalling state of things which a great and progressive city like ours should not tolerate any longer. Insanitary dwellings are being steadily increased and thus the sanitary measures are rendered largely null and void. I am not in favour of any drastic measures but I think that the fresh creation of insanitary buildings should be stopped and those existing should be gradually dealt with. I want to give a start to this movement before I leave you and my idea is to refer Mr. Orr's lecture to a good representative committee, non-official and mostly Indian to report on certain points. If this can be done, would you preside? I know well how hard you are working but I am inclined to think that no more effective means of doing good offers itself at this juncture than the improvement of the sanitation of Bombay which can never be accomplished unless new building is controlled as in all modern cities by law. Would you send me the notes for my address to the Co-operative Conference?"

Again he writes on the 20th July:—

"It will be a great help if you will preside over the Light and Air Committee, if I can arrange for its appointment. It is most kind of you to promise your valuable assistance. I have no doubt that Mr. Orr's suggestions will need modification. What we want—and quickly—are measures which will prevent the continuous growth of habitations in which light and air are denied to the poor people and will gradually improve existing conditions. My object is to draw the attention of all good and thoughtful citizens to the evils which are going on unchecked in their midst."

It is interesting to note that Mr. Orr's interest in Bombay's housing problems increased more and more and led to the forma-

tion of the Bombay Co-operative Housing Association, which ultimately was amalgamated with the Bombay Provincial Co-operative Institute. This Association did a very good amount of useful work and laid the foundation for co-operative housing in Bombay City as a result of which we see a few co-operative colonies in Bombay and its suburbs as also later on in mofussil centres.

Education

Sir Vithaldas was not an educationist but he was none the less a great believer in education and particularly in elementary primary education for the village people which he subsidized generously and for which he fought in seconding the Hon'ble Mr. Gokhale's Bill in the Imperial Legislative Council and also in higher commercial education which he referred to in his speeches in the Bombay Legislative Council and which later on led to the establishment of the Sydenham College of Commerce and Economics, at Bombay, in October 1913.

Early in his career on the 28th January 1885 he presided at the prize giving ceremony of a school at Parel where he made a very thoughtful speech on the age of admission, sound training in vernaculars, examination system and the need for training in accounting and technological institutes.

In 1908, on the occasion of the prize distribution of the Poor Boys' Seminary, he observed that the education of the masses was one of the most pressing questions of the day. He referred to the question being under consideration by the Bombay Municipal Corporation, by the Local Government and the Government of India and stated :—

> "We are all agreed that the present system of primary education in the City as well as in the country is grossly inadequate and should be largely extended. As a member of the Factory Commission I keenly realized that at the root of all the problems connected with Indian labour lies this subject of the spread of elementary education among the masses."

In the following year, having occasion to preside at

Prize Distribution of the Alexandra Girls' High School, Sir Vithaldas observed :—

> "It is superfluous to enlarge on the benefits derived from such institutions. There can be no two opinions about them. It is everywhere acknowledged that female education is the foundation of all social progress. Such institutions help many young women to earn an independent livelihood as doctors, nurses, teachers, artists and in any other occupations and make all competent to brighten their home life and enable our women to take an intelligent interest in questions affecting the health and well-being of the general population."

The interest which Sir Vithaldas thus began to take in female education developed later on considerably and led to his princely benefactions to the Vanita Vishram of Bombay and to the Indian Women's University as will be noticed in the next chapter.

Religious and moral education.

Sir Vithaldas believed not only in secular education but also in religious and moral education. He realized the difficulties of how to introduce any acceptable system of such education in view of the numerous religions and their sub-divisions in this vast country. But that he was a firm believer in the value of such education for the formation of the character of the people is evident from a short speech that he delivered at the annual exhibition opening ceremony of the Sanatan Dharma Religious and Moral Education Propaganda Committee at Bombay on the 31st October 1909. In the course of his observations he stated that the President of the meeting Mr. Madhav Rao had given his experience as Dewan of the Mysore State of the introduction of moral and religious education in all the schools of Mysore. He had clearly proved by facts and figures that the introduction of such education had not only been accepted by the people, but it was also so popular as to attract a large number of students to the school. His Highness the Maharaja of Gaekwar was also favourably inclined and was likely to introduce religious education in all the schools of his territories shortly. The only reason which uptil now prevented the introduction of religious education had been the

fear of its unpopularity owing to the various sub-divisions of religions in India and the difficulty of preparing common religious text books. It was not impossible, said Sir Vithaldas, to fix up a course of religious teaching which may be acceptable to all, though the question he admitted was a difficult one. It was, however, also a very important one and he hoped that the Government of India would take early steps to consult the wishes of the people and ascertain from them whether some acceptable system could not be devised so that an education which was absolutely essential for the formation of the character of the people might be introduced in our schools.

In January 1909, Sir Vithaldas was invited during his visit to Madras to the Shri Rama Krishna National Girls' School in that city of which Mr. L. A. Govinda Raghava Aiyer was the President and Mr. (now Sir) C. P. Ramaswami Aiyer was the Vice-President. He was presented with a welcome address which stated :—

> "Our schools is the first of its kind in Madras. Moral instruction is one of its special features and by the blessings of Shri Rama Krishna Paramhansa it has been doing good and useful work."

The address alluded to the numerous deeds of charity and philanthropy that had even then become so distinguishing a mark of Sir Vithaldas and expressed a hope that he would continue to evince deep interest in the welfare of his little sisters. Sir Vithaldas made a generous donation and became a patron of the School and in the course of his reply said that he looked forward to the day when all Indian girls would be educated. It was only the ignorance of women that stood in the way of social reform, the pace of which would be greatly accelerated by means of their education. Vithaldas was thus a firm believer in moral instruction and female education.

It is to be regretted that in spite of the acceptance of the idea by all concerned from the highest to the lowest, religious and moral instruction so far has not been introduced in the schools in British India which still go on imparting mere secular education so

that the moral and religious tone which should be the basis of all good character is so far absent in our educational system. Though the diversity of religions might be an insurmountable difficulty in the preparation of text-books acceptable to all faiths, no difficulty possibly would exist in preparing and introducing moral text-books illustrating the cardinal moral principles by reference to anecdotes and incidents in the scriptures of all faiths, Hindu, Mahomedan and others. It is not, however, so much the teaching of moral principles as the system of education generally that is at fault. The inculcation of a high morality depends more upon the ideas and conduct of teachers and their enforcement by suitable appreciation, prizes and punishments than by a system of studying or reading from one or two moral instruction books, which would really fall flat on the young boys who under our present system would come to regard them as another subject like history or geography which had got to be crammed up for passing the examination.

The Hindu University, Benares.

The Benares Hindu University which owes so much to another great Indian of modern times, Pandit Madan Mohan Malaviya, also engaged the interest and sympathies of Sir Vithaldas, who was consulted by Pandit Malaviya in the early stages of the formation of the Hindu University and who was a member of the first Managing Board of the University. He co-operated at all stages in the negotiations which Pandit Malaviya had to carry on with Dr. Mrs. Annie Besant for taking over her Central Hindu College at Benares and making it a component part of the Hindu University. He made it a point to remain present on the occasion of laying the foundation stone of the Hindu University in January 1916. It was not necessary, however, for him to play any leading part in the further development or organization of that University, looked after and guided as it was by Pandit Malaviyaji.

Commercial education.

Sir Vithaldas was a strong exponent of commercial education and in his speech on the Budget in the

Bombay Legislative Council in 1905 he laid great stress on it and he stated :—

> "Commerce should be as thoroughly taught and honoured as a study as any other fine branch of learning, which an Indian University delights to honour."

He devoted some thought to this subject in 1906 and consulted his friends Sir Lallubhai Samaldas and Sir M. Vishveswaryya and referred to the importance of a wider spread of commercial education which was practically neglected by the State in his Presidential address to the Calcutta Sessions of the Indian Industrial Conference. He emphasized and very rightly too, that commercial education was not mere book-keeping and pointed out that if there were more commercially educated men amongst us, we would be able to retain in the country a very large proportion of the profits which now go to foreign firms doing import and export business only. It was this agitation, seconded by the fervent efforts of his friend Mr. K. Subrahmanyam Aiyer—a leading Indian Incorporated Accountant of Bombay—and the sympathies of His Excellency Sir George Sydenham Clarke which ultimately induced the University of Bombay to institute the degree of Bachelor of Commerce and which led to the starting of the Sydenham College of Commerce and Economics in Bombay.

Mr. Aiyer started the agitation for higher commercial education as early as March 1901 and sent the outlines of the scheme for a University Degree of Commerce in March 1901 to His Excellency Lord Northcote in reply to his Private Secretary's letter. He was then the Principal of the Byramjee Jeejeebhoy College of Commerce, Bombay, which was a Parsee Charitable institution divided into four departments, the Primary School, the Middle School, the Commercial High School and the Commercial College. He followed this up by a lecture on the 27th January 1903, delivered at the Sassoon Mechanics Institute, which was printed and circulated amongst those whose opinion he sought to

cultivate. The University of Bombay ultimately appointed a committee on the 10th April 1911 consisting of among others Sir Vithaldas, Mr. Aiyer, Sir Dinshaw Wacha and Sir Manmohandas Ramji. They were asked to consider and report as to the steps to be taken for inaugurating a scheme of commercial education in connection with the University and for encouraging the study of commerce. Mr. Aiyer was the principal active figure in this agitation though he was throughout in touch with Sir Vithaldas, and was considerably helped by him in enlisting the sympathies of His Excellency the Governor. The Committee considered the several draft syllabuses and schemes prepared by Mr. Aiyer and reported to the University that the most suitable method of encouraging commercial education in this Presidency was to institute the Degree of Bachelor of Commerce. A suitable university training was in the Committee's opinion as valuable for equipping young men for a business career as it had been recognised to be necessary for the professions of law, medicine and engineering:—

> "Without a well disciplined mind and the faculties specially trained to analyse new commercial economic situations, and without a scientific study of applied economics and a good grounding in English, it was difficult for young men to handle scientifically and critically the numerous complicated problems of modern commerce and industry."

Sydenham College of Commerce and Economics

For the Intermediate Examination the subjects were English on the same lines as for the Intermediate in Arts, Political Economy, Mercantile Law and Practice and Accountancy. For the Degree examination, five compulsory subjects were prescribed. English Composition, Economic History, Economic Geography, Organisation of Industry and Commerce and Elementary Banking, while the optional subjects of which only one was to be taken were Accountancy and Auditing, Banking and Actuarial Science. The syllabuses for the two examinations have naturally been changed subsequently in the light of experience but the subjects remain still very much the

same. The University approved of the Report and instituted the Degree and the Government College of Commerce was started in October 1913 with Mr. K. S. Aiyer as the acting Honorary Principal of the College. Sir Alfred Hopkinson during his visit to India was consulted by the University and while approving of the work that the new College of Commerce was doing suggested a few changes in the curriculum which were referred to by the University to a committee in which was included, besides Sir Vithaldas, Mr. Aiyer and others, Mr. Percy Anstey, the first permanent Principal of the College. When Sir George Sydenham Clarke left India, his friends and admirers raised a memorial fund in his honour and it was decided to hand over the fund for the purposes of the College of Commerce in the starting of which that Governor had an important share. The trustees of the Fund naturally thought that the College of Commerce would be the best memorial to the services of the versatile and able governor Lord Sydenham and the name of the College was accordingly altered so that it became thenceforth known as the Sydenham College of Commerce and Economics.

Mr. Anstey soon after taking over charge issued an appeal to the business magnates of Bombay for contributions to a special fund for meeting the expenses of a gymkhana and it need hardly be said that it received every response at the hands of Sir Vithaldas, who was so much interested both in the College and in the Lord Sydenham Memorial Committee as its leading member. Sir Vithaldas was also associated with the Sir James Begbie Memorial Fund and was ever ready to help the College with contribution from the interest received from that Fund as Mr. Anstey's letter will indicate :—

> "I have now definitely engaged a sub-librarian to be paid from the private funds which you have kindly placed at the disposal of the College for this and certain other purposes."

The question for a suitable building was engaging the attention of Mr. Anstey and he wished to secure the full co-operation therein

of Vithaldas so that he might get the funds of the Sydenham Memorial Fund Committee utilized for the purpose. He writes on the 23rd March 1917 :—

> "There are two or three matters I should like to talk over with you but my main concern is that you should be the representative of the Sydenham Memorial Fund Committee on the Government Committee that is to go into the question of a site for the College. I do hope you will arrange this."

Again in connection with the same subject, Mr. Anstey writes on the 26th March :—

> "Apart from personal considerations, you know more of the actual working of the College than the other members and consequently among other things appreciate the supreme importance of having the building in the centre of the business quarter. Opposition to a Fort site comes of course from those who do not consider the promotion of commercial knowledge in India a sufficiently important object."

That Sir Vithaldas in this as in other matters was of very great service to the Sydenham College could be seen from the ready access that the Principal Mr. Anstey had to him and the readiness with which he tried to meet the demands by him on his time and money. Mr. Anstey wrote on the 11th April 1917 :—

> "I should be greatly obliged if you could let me have a cheque for Rs. 1,100 to cover the expense of Prof. Burnett-Hurst's visits to Lyallpur and to the Madras Presidency for the purpose of obtaining first hand knowledge relative to the growing and marketing of the cotton crop, the relations between the various classes of producers and traders and other essential facts appertaining to the cotton industry, in connection with the important course on this subject which is to be inaugurated this June. I am applying to Government administratively to sanction these two necessary tours and I shall be in a position to refund the sum asked for ; but Government action is very slow. Hence my request."

It need hardly be said that a cheque was promptly sent by Sir Vithaldas on the 13th as asked for. The sum thus advanced by Sir Vithaldas was repaid by Mr. Anstey on the 30th August of the same year. A similar advance was made and recovered by

Sir Vithaldas in connection with the tour of Mr. Anstey himself in Bengal during the Christmas holidays.

On another occasion Mr. Anstey asked for a small sum to enable the publication in a booklet form of a successful course of lectures delivered by the writer on the conditions of industrial progress in India in Gujarati and which were being reported in the Ahmedabad journal " The Vasant " and the request was granted without any hesitation. Sir Vithaldas was able to assist the College authorities in this way from the funds of the Sir James Begbie Memorial and he now desired to utilize the remaining sum in some more permanent manner in memory of Sir James and ultimately scholarships to the University were founded in his name for students passing creditably in University examinations from the Sydenham College. Government appointed in 1917 a committee for selecting a site for the Sydenham College of Commerce and Economics, Bombay, in which Sir Vithaldas was a member as the Honorary Secretary of the Lord Sydenham Memorial Fund Committee. The Committee of that Fund had made an offer on the 27th May 1915 of Rs. 1,85,000 towards the provision of a suitable site and building for the College and the Government of Bombay asked Sir Vithaldas as the Secretary of that Committee on the 22nd December 1921 whether they approved of the site and building of the Indo-British Institution for the purpose. Sir Vithaldas promptly conveyed his approval on the 23rd December and as a result the Sydenham College has been located in its present premises on the Hornby Road between the Anjuman-i-Islam High School and the Sir J. J. School of Arts.

It will appear from this that Sir Vithaldas was very closely connected from the very beginning of the agitation for the better organization of commercial education in Bombay to his death, with the work of preparing the syllabuses and curricula and with the actual working of committees and sub-committees of the Sydenham College of Commerce and Economics of Bombay.

A very important ste in Indian constitutional reform was

taken in 1906 when the Viceroy, Lord Minto, who had succeeded Lord Curzon, drew up a minute in which he reviewed the political situation in India and pointed out how the growth of education, encouraged by British rule, had led to the rise of important classes claiming equality of citizenship and aspiring to take a large part in shaping the policy of the Government. He then appointed a committee of his council to consider the group of questions arising out of these novel conditions. From the discussion thus commenced was developed a tentative project of reforms which was outlined in a Home Department letter to local governments, dated August 24, 1907. This letter, after having received the approval of the Secretary of State in Council, was laid before Parliament and was published in England and India. The local governments to whom it was addressed were instructed to consult important bodies and individuals representative of various classes of the community before submitting their own conclusions to the Government of India. Among the representative Indians consulted by the Government of Bombay, was Vithaldas whose reply is printed in one of the "colossal blue books" appended to the letter of the Government of India, dated October 1908, in which the situation was again reviewed and revised proposals formulated. Vithaldas in his letter to the Government of Bombay warmly agreed that during the time that had expired since the last expansion of the Legislative Councils of India, the country had progressed greatly in many directions and that the proposal to introduce further reforms was most opportune. The reforms proposed by the Government of India, he went on to say, might be grouped under three heads :—

Morley-Minto Reforms.

(1) The institution of an Imperial Advisory Council and of similar bodies in the several provinces.

(2) The enlargement of Legislative Councils, Imperial and Provincial and the adoption of means to make them more representative than at present of all classes of the community.

(3) Reforms in Budget discussion in the Councils.

As regards the advisory councils, Vithaldas expressed his fullest sympathy with the objects which Government had in view in proposing to create these bodies. The hope entertained that the right of interpellation granted by the Indian Councils Act, 1892, would be the means of widely diffusing correct information on the questions of the day, had not been realised chiefly because, he observed, meetings of the Legislative Councils were too infrequent to offer the means of confidential and intimate consultation between Government and the people, and this means of diffusing correct information about Government measures, had proved inadequate, if not, wholly futile. The desire of the Government of India to provide a more satisfactory means of effecting this important object deserved, therefore, to be heartily welcomed. But he was doubtful how far the proposed Advisory Councils would fulfil this object. Taking first the Imperial Advisory Council, he was unable to see how except in a very limited sphere an assembly composed of ruling chiefs and territorial magnates could tender advice likely to be useful in the administration of British India. The chiefs and the magnates, who could claim a rank comparable with theirs, represented certain family or tribal traditions; they were neither in touch with the sentiments and aspirations of the English educated middle classes nor with the toiling masses of the people in British India. It seemed to Vithaldas, therefore, to be in the highest degree improbable that they could serve as a medium of diffusing correct information among the population of British India which was the first and main purpose which the Advisory Councils were intended to serve :

> " It should not be understood that I undervalue the common interests that had arisen between the Government of India and Native States and the value of co-ordination of their efforts in such matters as famine relief or education. For those purposes I would humbly suggest that a Council of State composed entirely of ruling chiefs and presided over by His Excellency the Viceroy would be most suitable. I would, while affording due recognition of the peculiar position of the ruling

chiefs, give Government the much desired opportunity of enlisting their co-operation in matters which concern the whole Empire."

He was of opinion that the Imperial Advisory Council in order to fulfil its main function of diffusing correct information among the people of the action of Government on the one hand and of representing to Government the views and sentiments of the people on the other, should be more liberally constituted than in the Government scheme. It should consist of leaders in commerce and industries as well as the learned professions. Landlords would, of course, be there as representing the premier industry of the country. But the no less important interests represented by the leaders of the textile, mining and other industries were also qualified and entitled to advise Government on important matters. If the Imperial Advisory Council be constituted on a wider basis as he suggested, it was in his opinion likely to be of great service to Government and the people. It would add to the prestige and efficiency of the Assembly if it were to meet at least once a year. He approved generally of the constitutions proposed for the Provincial Advisory Councils.

The proposal to increase the number of members in the Legislative Councils had his entire sympathy. Having regard to the necessity of having a standing official majority, the limited number of seats open to non-officials was utterly insufficient to satisfy all reasonable claims to representation. Fifty-four members for the Viceroy's Council and correspondingly larger numbers for Provincial Councils would not at all be too numerous in view of the vast size and manifold interests of the population.

Turning to the distribution proposed for the members of the Viceroy's Legislative Council, Vithaldas was disappointed that while Chambers of Commerce and landholders of each province were to be allowed a representative each, such a body as the Bombay Millowners' Association was not to be accorded such a privilege. He submitted that this was unjust, and that large industries wherever they existed ought to be duly

represented in the Council. He urged that the Bombay Mill-owners' Association should be allowed to elect a representative to the Viceroy's Council. He went on to observe :—

"When important questions affecting the mill industry, such as the levying of a countervailing duty on cotton cloth, came before the Indian Legislative Council, it had no representative of the industry who could have given valuable help in arriving at a right conclusion. It is very probable that important legislation affecting Indian factories, and especially the cotton mills in which Lancashire takes a particularly active interest, will have to be introduced in the Viceroy's Legislative Council, in the near future, and it is highly necessary that this important interest should be directly represented in that Council. The seat reserved for a ruling chief may very well be spared for this purpose, as for the reasons stated above in connection with the constitution of the Imperial Advisory Council, the presence of a ruling chief in the Imperial Legislative Council seems to be superfluous."

On the question of separate representation for Mahomedans, Vithaldas emphatically recorded his opposition to it on principle. If for Mahomedans, he asked, why not for Parsis, Native Christians, Jains and others ? He pointed out :—

"In this country of sects and sections, it is easy to see how such a principle cannot be applied without giving rise to heartburning and irritation. It is not correct to say that the present constituencies have elected only Hindu members to the Viceroy's Council. Bombay sent the late Mr. Sayani some years ago, and the Madras representative is Nawab Sayed Mahmood. It is grossly unfair to these gentlemen to assume, as the Mahomedan deputation seems to do in its address that they adapted their views to those of the constituencies which returned them to the Council."

If, however, it was deemed necessary to give separate representation to Mahomedans, Vithaldas thought that it was only fair that they should neither vote nor stand as candidates under the general franchise.

"Otherwise a Mahomedan landlord will have two votes, one as a landlord and the other as a Mahomedan, while members of all other communities will have only one vote according to the interest they represent."

He insisted that there ought to be uniformity of the franchise. There should not be one qualification for the Hindu and another for the Mahomedan.

As regards the proposals for the reconstitution of Provincial Legislative Councils, Vithaldas was unable to say that the system of election then existing had worked so ill as to require a radical change in the rules. He observed :—

> " In this Presidency, at any rate, there have been no complaints that the elected members did not fully answer the expectations of their constituents. Now that the number of members of Provincial Councils is to be increased, it is but proper that the franchise should be distributed over a larger area but I would respectfully deprecate any attempts to create electorates on the basis of caste and sectarian differences. My remarks regarding separate representation for Mahomedans in the Viceroy's Council apply with even greater force in regard to the local Legislative Council, as the Mahomedans of Bombay are quite as intelligent and educated as other classes of the population. The Local Government has always shown itself anxious to correct any inequalities as regards Mahomedan representation in the Council and it has never been alleged that better representatives of Mahomedan interests could have been sent to the Council than those nominated by the Government."

He urged that the case for direct representation of the Millowners' Association in the Local Legislative Council was even stronger than that he had put forward for such representation in the Viceroy's Legislative Council. Vithaldas warmly approved the reforms proposed in the discussion of the Budget in the Legislative Councils.

The Reform Bill passed into law in May 1909, and in the regulations framed under it the suggestions of Vithaldas regarding the representation of the Mill-owners' Association was adopted by giving the Bombay and Ahmedabad Associations one member in the local Legislative Council, the right to be exercised at alternate elections.

Public Service Commission

In 1913, the Royal Commission on Public Services in India was appointed and Sir Vithaldas was among those who were invited by the Commission to send replies to the interrogatories issued by it. A few days later, the Government of Bombay requested him to favour Government with a copy of his replies to the interrogatories which he did on the 13th February. These replies were brief and to the point and chiefly referred to the recruitment of officers for the Indian Civil Service. He had come in contact mostly with higher officers and he had found them capable, conscientious and devoted to the best interests of the country and he accepted the system of open competition as sound. Still however he thought that young Indians did not get the same facilities for appearing at the examination as Englishmen inasmuch as that examination was not held in India. He was, therefore, in favour of simultaneous examinations but agreed, that the proper British spirit should be acquired by the young men who passed the examination in this country by their being made to spend two years at an English University as a period of probation. He did not approve the principle of nomination and being a non-communalist he did not favour giving special concessions to members of different communities to enter the Civil Service. He was opposed to the system of " listed " posts, but strongly advocated a minimum number of European officers in the higher ranks of the Civil Service, which if necessary might be fixed at one half. It will thus appear that Vithaldas in this, as in many other matters, held nationalistic opinions though he was very reasonable and tried to understand the other side of the question.

Minor matters

Sir Vithaldas had achieved greatness not as a politician but as a person of outstanding ability in commerce and industry and yet his eminence as a citizen of Bombay entailed upon him numerous obligations sometimes of a minor character which, however, he did not shirk or avoid. If there was any proposal of some

importance, Vithaldas was sure to be consulted. If there was some enquiry, he was the first to be thought of for advice. If there was a meeting, he was expected to move or support one resolution or the other. If there was a public address, eyes were turned to him. If there was a representation to be made to Government, his sympathies were first sought to be enlisted. Thus His Excellency Sir George Sydenham Clarke introduced one Mr. Morris who had come to Bombay to start chemical works and he wrote to Sir Vithaldas on the 7th August 1912 :—

> "I told him to see you and I am sure you will give him any information he asks for. He represents a strong firm and I am very anxious that this important industry should get a start in Bombay. As 112 tons of Epsom salt alone are imported every week, you will see that there is a fine opening. I am convinced that only expert knowledge is required at starting to make chemical enterprise a great success and I am anxious that Indian capital should participate."

Sir S. W. Edgerly similarly consulted him on the 14th March 1906 regarding Sir Currimbhoy Ebrahim's scheme for a hospital for millhands in the north of Bombay between Parel and Dadar.

> "Do you think millowners within the reach of such an institution would co-operate and capitalize their present expenditure somewhat generously in favour of a hospital up north. If you think there is a fair chance of running such a scheme then with a really creditable offer coming up to the public we might perhaps have a talk about it. It would be primarily for the millhands but would benefit the whole neighbourhood and would help to draw the population northwards."

The Postal Association, Simla, in 1921 addressed a letter to Sir Vithaldas asking him for permission to wait upon him in deputation in order to enlist his sympathies and assistance in a grievance of theirs for which they had sought redress from Government. The entire postal clerical staff of Simla had represented that on account of famine conditions prevailing in Simla then, immediate relief should be granted by an enhancement of the local allowance from Rs. 25 to Rs. 40 and had asked for the grant of house rent equal to what was granted to the clerks of the Telegraph Department.

The Hon'ble Sir Lallubhai Samaldas on the 5th September 1921 sought the assistance of his friend Sir Vithaldas to urge on behalf of the Council of State and Legislative Assembly that an Indian should be appointed as successor to Sir Thomas Holland as member of the Executive Council in charge of the portfolio of Industry and Commerce. He said—

"It is perhaps therefore that a small deputation representative of both the Houses should wait on the Viceroy and urge the appointment of an Indian as successor to Sir Thomas Holland. We shall be obliged if you will kindly request a few members of your Assembly to wait in the Library of the Assembly at about 1 o'clock. By that hour the work of the Council of State will be finished and I shall come over with a few friends to discuss the matter with your colleagues."

In August 1921, Government pensioners started an agitation for enhanced pensions in view of the rise in prices and tried to enlist the support of important members of the Legislative Assembly so that a resolution for the enhancement of pensions might be moved at the next session of that body and might have a reasonable chance of success and naturally enough appeals for support poured upon Sir Vithaldas from Mangalore on behalf of the South Kanara Pensioners' Association, from Broach on behalf of the Broach Pensioners' Association and from Nadiad on behalf of the Kaira Pensioners' Association, from Karachi on behalf of the Sind Pensioners' Association and from other places.

The following list though incomplete will be some indication of the responsibilities of diverse character though of minor importance that came to and were accepted by Sir Vithaldas from time to time—

1. Committee of the Prince of Wales Museum of Western India from 1905 (nominated by the Government).
2. Committee for the advancement of Primary Education 1907 (Municipal Nomination).
3. Committee of the Pechey Phipson Sanitarium for Women and Children, Nasik 1910.

4. Executive Committee of King George V Anti-Tuberculosis League.
5. Managing Committee of the Blind Relief Association.
6. Bombay Prinjrapole.
7. The Committee to enquire into the question of bestowing Native Titles, Calcutta (March 1911) recommended by the Bombay Government to the Government of India.
8. Chairman, Backbay Reclamation Scheme Committee, (Government of Bombay Nomination).
9. Committee to examine the questions raised in Mr. J. P. Orr's (Improvement Trust Chairman) Lecture on light and air in Dwellings, 1913, (Government Nomination).
10. Member, Provincial Advisory Committee for Indian Students going to England. (Government Nomination).

In addition to the above, he had to discharge many onerous duties as a trustee of quite a number of bodies like the following-

1. The Bombay Improvement Trust, nominated by Government in 1909, 1911, 1913 and 1915 and in 1921.
2. Trustee to Their Highnesses The Maharaja and Maharani of Baroda as Debenture holder of the Bombay United Building Co. Ltd., 1909.
3. Trustee of the Sir Sassoon David Trust Fund for Agricultural Education, 1912, (Government Nomination).
4. Trustee to Her Highness the Maharani Chimnabai Saheb Fund for encouragement of education of Hindu females, 1914.
5. Trustee of the Baigrie Memorial Fund Committee (Government nomination).
6. Trustee of the Bombay Port Trust elected by the Millowners 1913, 1917 and 1921.
7. Trustee of the Baroda Royal Children Provision Fund, 1916-1920.
8. Trustee of the Endowment funds of the Grant Medical College 1921 (Government Nomination).
9. Trustee of the Prince of Wales Museum of Western India 1922 (Government Nomination).

# CHAPTER IX

## A GREAT PHILANTHROPIST

*Bhatia charities. Dharmawada. Hindu widows. Professor Karve. Indian Women's University. Vanita Vishram. Seva Sadan. Lady Reading Fund. The Workingmen's Institute, Parel. Education Fund. Chandod. Sanskrit Pathsala; Free Library. Night Schools. Flood and famine relief. Objects of public utility. Y. M. C. A. Wai. Servants of India Society. Medical relief.*

Bhatia Charities

The Bhatia community has been well-known for charities and benefactions and the rich men of the community have spent large sums of money during their lives and have created large trust funds for the welfare of the members of the community. Though generally it is true that their charities have been largely communal and parochial, they have in some cases also a wider scope and have been more general. The name of Sheth Goculdas Tejpal has been associated with numerous philanthropic institutions of which the Goculdas Tejpal Hospital, the Goculdas Tejpal High School for boys and girls and the Goculdas Tejpal Boarding at Gowalia Tank Road are notable examples. Sheth Morarji Goculdas and his family have also been responsible for many charities; and the dharmashalas (rest-houses) in the various centres of pilgrimage of the Hindus afford a convenience which never fails to recall the names of these Bhatia millionaires to the grateful memories of the devout Hindu pilgrim. The Mooljee Jetha family too have been remarkable for their princely benefactions notably in the case of the Gordhandas Sunderdas Medical College and the King Edward Memorial Hospital at Parel as also in the

case of the Bhatia General Hospital which has also received a munificent donation from Bai Soonderbai Hansraj Pragji Thackersey.

The Thackerseys have inherited this characteristic of their community and have ever believed that money is given to man not for his own enjoyment and pleasures in life but for use in such a manner as would conduce to the welfare of the poor and the distressed. The occasion of a death in the family strikes a chord in Hindu hearts making them realize more vividly than otherwise the illusion of worldly riches and pleasure—*maya*—and spurs them on to deeds of charity with perhaps a confused idea of thereby doing good to the soul of the departed, of keeping his memory fresh and of experiencing the satisfaction of the consciousness of doing good to people beyond the family circle, whether they be members of the community or the general public. The Thackerseys have been no exceptions and very many of their charities, small and big, have been associated with the death of a member of their family. Thus they have spent Rs. 15,000 for the construction of "the Thackersey Mooljee Dharmashala" and the Devidas Thackersey Library at Vervala, their original home. The Ghelabai Thackersey Library at Dwarka, the Velibai Narayandas Thackersey Charitable Dispensary, the Sakarbai Thackersey Dharmashala and the Sanyasi Ashram at Wadhwan, the Gangasagar in memory of Bai Gangabai, daughter of Sheth Damodar Thackersey—all these cost something like Rs. 75,000. The feeding of the poor, cow-protection, prizes and scholarships to school going children, and famine relief have also claimed their attention to the extension to the extent of about Rs. 80,000. Benefactions and endowments to temples and shrines have been other outlets for munificent donations by this religious and devout family.

Dharmawada

The sudden deaths of Sheth Dharamsey and his son, Shreemati Nathibai's father and brother, brought to Nathibai an inheritance of Rs. 40,000. This sum she spent with the

consent and whole-hearted approval of her husband, Sheth Damodar, in building a very useful institution at Khambhalia in Jamnagar which she named "The Dharmawada" in memory of her father Sheth Dharamsey. The Dharmawada provides a comfortable rest-house, a good library and free boarding for visitors to the town. Arrangements for all these absorbed much more than inheritance and Sheth Damodar with characteristic generosity filled up the breach.

In order to superintend the construction of the building and to make the necessary arrangements in connection therewith to suit his ideas, Sheth Damodar had fixed up his residence at Khambhalia with his family, so that the young Vithaldas imbibed, from his very early years, ideas and notions of philanthropic and charitable work, which in later years blossomed forth so richly in various directions.

Hindu widows

(Sir Vithaldas was a firm believer in the need for providing adequate facilities for the education of women and children.) Indeed no cause held a greater appeal for him than that of women and children and he opened his purse with a generous hand in support of institutions for them. (He realized that the progress of a country was intimately bound up with the emancipation and uplift of its women and regarded the status and progress of women as an index to the general advance of the country in the scale of nations. Progressive womanhood is a sure symbol of a progressive nation; enslaved, illiterate and ignorant womanhood is no less a sure symbol of a degenerate, backward or a dependent country.) India has another peculiar problem of her own with regard to its women. Though the law might permit widows to remarry, social customs and caste usages do not sanction widow remarriage among the higher classes of the Hindus at any rate. The position of the widows, therefore, is an extremely peculiar one. They are mostly uneducated and ignorant; they have not been trained in any profession or art so as to be able to earn their own

living; they have to cling to their parents' or to their husband's families with the result that they become unwelcome guests, soon reduced to the position of servile dependants and subjected to gibes and taunts of their own brothers' wives or their husband's brothers' wives. Segregated, looked down upon, suspected at each turn, the poor widow is forced to live a life of utter unhappiness which drives her often on the road to suicide or on the paths of immorality. Till Hindu opinion lifts its opprobrium on widow remarriage, the only way out is to remove the economic subjection of widows by training them up in general knowledge in various arts and crafts, so as to enable them to earn their own living. From the early years of this century, social opinion in India and the Bombay Presidency was focussed more and more on this problem, and institutions to serve the ends in view began to be established. One of the earliest of such institutions was the Hindu Widows' Home Association in 1896 by Professor D. V. Karve in a small house in Poona and later transferred to its present site at Hingne Budruk, near Poona. The Home began its work in a humble way with a couple of students but by 1915 it had grown into a typical boarding school for women.

Professor Karve

The success of the Japan Women's University put into Prof. Karve's mind the idea of Women's Universities for different provinces of India. He had long noted the chief difficulties in the way of advance of education among Indian Women. The long established social customs, ideas and environment prevented girls, particularly Indian girls, from devoting the necessary time and energy to mastering the courses of study primarily laid down for boys without any conscious thought as to their suitability for the particular needs and aptitudes of women. Again, the continued use of a foreign language for obtaining even an elementary knowledge in Arts and Sciences is a phenomenon known only to India. Whatever might have been the justification for imparting education through English in the early stages of modern education

in India, if women's education was to advance rapidly and was to diffuse far and wide it was necessary to return to the natural method and to make the mental effort less irksome and rigid. Thus alone could that widening gulf between the cultural status of men and women in India be bridged over. One could not ignore the fact that the time at the disposal of the average Indian girl was small and one, wishing to help women in her handicap race with man, had to see that she got a culture equal to his, in the least possible time and with the least possible strain. Thus only could the growing disparity between the culture of husband and wife or of brother and sister disappear and woman could take an intelligent part in the affairs of her home, city and nation. Co-education might be a consummation to be devoutly wished for; to beat man at his own game might be an attractive ideal for woman, but the best way to achieve it was not to insist on it for some time. (Prof. Karve's idea of secondary and higher education for women was, therefore, based fundamentally upon the recognition of two principles: (i) that the most natural and therefore efficient medium of instruction is the learner's mother-tongue, (ii) and secondly, that women as a class have different functions to fulfil in the social economy from those of men.) He soon secured the support of the Hindu Widows' Home Association, Hingne and issued an appeal for support and advice in connection with his scheme for a Women's University. As a result of earnest efforts on the part of Prof. Karve and his coadjutors, the Indian Women's University was brought into existence in June 1916, with the late Sir Ram Krishna Bhandarkar, the well-known Sanskrit scholar as the first Chancellor and Dr. R. P. Paranjpye as Vice-Chancellor. It was a private university, with no charter or recognition from Government and without a single rupee to its credit. With firm faith in the greatness of his cause, Prof. Karve took a leap in the dark. But contributions and donations, small and substantial, began to come in and the university began to get going till the princely munificence of Sir Vithaldas altered the whole complexion

and raised it to the level of an important institution with great possibilities of rendering immense services to the cause of Indian women.

Indian Women's University

Sir Vithaldas had visited Prof. Karve's Widows' Home a year after the University began its work and had become a Patron by paying a donation of Rs. 1,000. In the spring of 1919, he left India for a world tour, accompanied by Lady Premlila and others and he took as his wife's companion Mrs. Sitabai Annigeri, a student of this University. The party halted for a few weeks in Japan and during his stay in that country Sir Vithaldas paid a visit on the 6th May to the Japan Women's University. The work and the organisation there left a very strong impression on him ; the instruction and training in different departments of their activities—the laundry and the dyeing, nurseries, cooking, dairying, tea ceremony, poultry farming and such other domestic arts and the students' Savings Bank, Co-operative Stores, kindergarten and botanical garden—all these struck him as being wonderfully efficient and worthy of imitation or adaptation for the benefit of Indian Women whose cause was so dear to his heart. The presence of Mrs. Sitabai Annigeri naturally led to talks and discussions on the infant Indian Women's University in Poona which was struggling on with similar aims and with a much wider field to cover, and his mind began to conceive schemes which would enable it to expand its activities and fulfil much the same purpose for India as the Japan Women's University was doing for Japan. On his return Sir Vithaldas went into the question with his characteristic application to details and had frequent consultations with Prof. D. V. Karve and the conversations led to the princely benefaction of Rs. 15 lakhs by him to the Indian Women's University. Well aware that institutions like these needed yet larger funds for their full development and maturity and that numerous small donations were as essential as a mark of popular support and sympathy without which indeed the scheme of the

best workers remains but empty dreams, as a large donation for financial stability, Sir Vithaldas made his gift conditional on the university authorities securing an equal amount by donations from others or by securing recognition from Government by obtaining a charter or by securing recognition of its degrees and diplomas. Till then, he promised to pay to the University a sum of Rs. 52,500 per annum, being the interest at 3½% on Rs. 15 lakhs and to advance Rs. 1,86,000 for the construction of suitable buildings for the college. Unfortunately he lived only a couple of years after the gift had been made and did not even see the buildings, in which he took so much interest, completed. The University has been named after Sir Vithaldas' mother, "the Shreemati Nathibai Damodar Thackersey Indian Women's University" and the school and college at Bombay and the school and college at Poona have similarly been named after the same lady, to whom Sir Vithaldas was so strongly attached. Differences have of late arisen as regards the fulfilment of the conditions of the donation and about the efficiency of the management of the University and it is hoped a way will soon be found so that the university, a splendid monument to Sir Vithaldas' generosity and his deep regard for and interest in the cause of Indian Women, may be able to perform the useful services in the great cause that it was intended to perform.

Vanita Vishram

The Vanita Vishram is an institution with aims cognate to those of the Hindu Widows' Home of Prof. Karve. It owes its inception to the untiring energy and great missionary zeal of two ladies of Surat, Bai Shivagauri Gajjar, a sister of the well-known scientist and industrial chemist, the late Professor T. K. Gajjar, and Bai Bajigauri Munshi. Their efforts have secured substantial donations from the leading Gujaratis in Bombay and elsewhere and the family of the late Sheth Bhagwandas Narottumdas, [illegible] late Sir Hurkissondas Narottumdas have built for the [illegible] Bombay a splendid mansion, just opposite the

Servants of India Society's Home on the Sandhurst Road. The Vanita Vishram has opened branches in Surat, Ahmedabad and Rajkot and is doing splendid work for Gujarati widows, the educational side also having been developed fairly well. With his interest in the cause of Indian women, it was no wonder that Sir Vithaldas' sympathies were enlisted early in the institution and he made it a munificent gift of Rs. 1,00,000 for the purpose of providing for the boarding, lodging and education of at least 24 Gujarati Hindu ladies and at least 16 Bhatia ladies and of maintaining a school to be named 'The Shreemati Nathibai Damodar Thackersey Mooljee Vanita Boarding School'. The Boarding thus started has grown into a flourishing school, where education is provided to day-students in addition to the boarders. The Rajkot Branch of the Vanita Vishram also received Sir Vithaldas' support and he made an annual grant of Rs. 6,000 for three years, so as to enable it to start on its career of usefulness, and he appealed to His Highness the Maharaja Jam Saheb Ranjitsinhji of Jamnagar and His Highness the Maharaja Raj Saheb Ghanshyamsinhji of Dhrangadhra for financial support to the Vanita Vishram of Rajkot which aimed at serving the Kathiawar ladies.

Seva Sadan

Another institution to which Sir Vithaldas gave substantial financial assistance and which is so well-known throughout the presidency and the country is the Seva Sadan of Poona. Mrs. Ramabai Ranade, the wife of that great Indian, Mahadeo Govind Ranade, was the prime worker and she was able to bring to the service of her institution the extraordinary capacity for work and zeal of Mr. Gopal Krishna Devadhar (now, President of the Servants of India Society). Mr. Devadhar soon became the Organising Secretary and the soul of this fine institution which has become one of the great monuments of his great public and social services. Institutions like the Seva Sadan, which aim at training up Indian women to a career of usefulness in many different directions have largely to be finance[illegible]

donations and gifts and it requires a person of no small courage, tact, perseverance and unbounded faith to secure the necessary finances from time to time for the increasing activities of an institution of this character. But Mr. Devadhar has proved himself to be 'a champion beggar' and the Seva Sadan continues to flourish as vigorously as ever. Sir Vithaldas' residence in Poona after 1914 naturally brought him into touch with Mrs. Ramabai Ranade and Mr. Devadhar and when a philanthropist thus comes close to a champion and past master in the art of begging, the result is one which one can easily anticipate. Sir Vithaldas' heart and purse were soon opened to give and Mr. Devadhar's hands were soon stretched out to receive. So great indeed was Sir Vithaldas' regard for Mr. Devadhar and so great indeed was his faith in the usefulness of the work that was being done by the Seva Sadan that Mr. Devadhar had merely to ask to receive and an account was maintained on which he could draw to the extent of Rs. 24,000 per annum. This arrangement was very necessary to secure regularity of payments by the Seva Sadan, inasmuch as grants, donations and contributions did not come in at the proper time, and the sums thus drawn from the account during the year were adjusted at the close of year. The Seva Sadan wished to purchase a building—the Patwardhan Wada—for its activities and Sir Vithaldas advanced the money for the purpose and in March 1919 made a gift of the sum thus advanced. In this way, Sir Vithaldas has made donations aggregating to Rs. 65,000 to the Seva Sadan of Poona for the Shreemati Nathibai Ashram and the Sir Vithaldas Thackersey Hall of the Seva Sadan. With the extension of its work, the Seva Sadan opened out branches in some towns and Sir Vithaldas gave an annual grant of Rs. 2,000 for ten years for a branch at Baramati to be named after his wife Bai Leelabai and an annual grant of Rs. 1,000 for ten years for another branch at Satara in memory of Lady Premkunver. Both these branches have been doing good work in their areas, under the able guidance and control from

the head-quarters in Poona. The death of Bai Mammubai, the only daughter of Vithaldas' sister, Gangabai, was the occasion of another donation to the Seva Sadan, of Rs. 14,500 for a Nursing Home for the nurses under training at that institution. In all thus Sir Vithaldas' benefactions to this institution aggregated to more than a lakh of rupees.

Lady Reading Fund

In January 1922, Lady Reading issued an appeal for the Lady Reading Women of India Fund. The objects of the Fund were to assist the Lady Hardinge College at Delhi, to enlarge the scope of the Lady Dufferin Hospital at Simla, and to create the nucleus of a great organisation for the relief of suffering and for training skilled Indian nurses through the agency of an All India Nursing Association. Sir Vithaldas had already donated Rs. 1,251 to the Lady Hardinge Girls' School but to Lady Reading's appeal also he could not turn a deaf ear and he promptly sent up a cheque for Rs. 1,000 to the Fund. Similarly he responded readily to the appeal of the Society for the Protection of Children in Western India by forwarding a cheque for Rs. 1,000. It is not the amount but the spirit that underlies that deserves notice. The cause of the uplift of women and children was ever dear to his heart and any institution or movement that aimed at doing some thing in this direction stirred a sympathetic chord in him and his hand readily went to his purse for a generous contribution.

The Workingmen's Institute, Parel

In the year 1918, the Social Service League, Bombay, formulated a scheme for the establishment of a Workingmen's Institute with a view to providing a centre for activities for the spread of education among the working classes, for supplying facilities for their recreation and for giving them assistance in organising themselves for their economic improvement by means of co-operation, insurance and such other movements. An appeal was made to the public of Bombay to help the scheme with their generous support. When Sir Vithaldas

Thackersey was consulted in the matter, he not only approved of the scheme but promised to give all assistance to the League in its accomplishment. He himself offered to contribute a sum of Rs. 25,000 towards the construction of a Hall in memory of his father, and Rs. 15,000 on behalf of his Company through the funds of their mills, and suggested that the League should at once secure a suitable plot and proceed with the work of constructing the buildings. Accordingly, the present plot measuring about 7,500 square yards, was secured on lease from the City Improvement Trust for an annual rental of about Rs. 3,000. The example set by Sir Vithaldas Thackersey was followed by Messrs Tata Sons, Ltd., who on behalf of their three mills in Bombay contributed a sum of Rs. 25,000. The Bombay Dyeing and Manufacturing Co. through their Agents, Messrs. N. N. Wadia and Co. contributed a sum of Rs. 35,000 for the construction of a school building. Messrs. E. D. Sassoon and Co., also contributed Rs. 20,000. While the work of the construction of the building was going on, Sheth Kanji Cursondas, through whose generosity the League had been conducting since September 1918 a charitable dispensary for women and children in the name of his wife Bai Bachubai, came forward with a proposal to contribute a sum of Rs. 55,000 towards the construction of a building as a part of the Working Men's Institute on the site fronting the Elphinstone Road on condition that the building be named after his wife and that the League should spend annually towards the maintenance of the dispensary a sum of at least Rs. 3,000 per year out of the rent of the building.

The Damodar Thackersey Mooljee Hall was to be utilised for the purposes of education and recreation, the ground floor of the Bai Bachubai Building as shops, the first floor for the offices of the various working class organisations whose neighbourhood would greatly assist the success of the Institute, and the remaining floor as residential quarters by the supervising staff of the League.

The two buildings—the Damodar Hall and the Bachubai

Building were opened by Sir Vithaldas on the 26th February 1922 in the presence of a very large gathering of people, including a great many notabilities of the city and a large number of factory operatives for whose benefit the whole Institute was designed. Though Sir Vithaldas' contribution to the funds raised for the Institute was not so predominantly large, it has been recognised by the League authorities that but for the encouragement and start he gave, the whole project might have remained perhaps a paper scheme, at least for several years. The Institute that was thus brought into existence through Sir Vithaldas' initiative has been doing excellent work in a variety of directions and has become a great centre of activity of the workingmen of Bombay. The following short note in the Report of the Social Service League, Bombay, for the year 1931 will give an idea as to the developments in the activities and progress of the Institute :—

"4. The Workingmen's Institute :—Textile Technical School—English Night High School—Charitable Dispensary for Women and Children—Organisation and Supervision of Co-operative Societies—Sanitation Rounds in the E, F and G Wards—Sowing and Cutting Classes for Women—First Aid, Home Nursing and Health Volunteers' Classes—Drawing, Paper Work, Fancy Work, Handicrafts and Pen-Painting Classes and other activities of the Mahila Seva Mandal—Petition Writing —Cheap and Wholesome Recreation for the Working Classes through Dramatic Performances and Musical Concerts—Lathi Exercise Class."

Education Fund

Sir Vithaldas was no less keen on the spread of general education and culture particularly in providing facilities for students than on the advancement of women and children. He therefore created a large fund called "The Sir Vithaldas Damodar Thackersey Education Fund for college students" with a view to meet the needs of students who wished to prosecute their studies at colleges affiliated to the Bombay University, but who were unable to meet the whole or part of the expenses of such study,

It was proposed that such help should take the form of loans, repayable after graduation, in convenient instalments, so that the amount received back might be used further for the benefit of successive batches of students and thus become practically an irreducible fund to be permanently employed in the interests of poor college students, and it was hoped that a hundred students could thus always be receiving help from this fund. The fund was to be utilised for giving pecuniary assistance to really deserving students in order to enable them to pay their college and examination fees, to purchase books, and, in special cases, to maintain themselves as well. The amount thus advanced was not to ordinarily exceed Rs. 400 per annum, in each case. The loan was to be repaid free of interest six months after graduation in instalments not exceeding one-fifth of the monthly salary or income of the student but of not less than Rs. 10 per month. Rules in connection with this scheme have been framed and a committee of management appointed consisting of Sir Lallubhai Samaldas, Khan Bahadur F. M. Dastur, Principal A. M. Masani and Sir Vithaldas D. Thackersey. So far, in all, 144 students have taken advantage of this scheme and the amounts advanced to them have ranged from Rs. 250 to Rs. 1,400, making up a total of more than Rs. 85,000. No distinction of caste or creed or sex was made in the selection of applicants and among the 144, we find students from Cutch, Kathiawar and Gujarat as also from Maharashtra, and Karnatak ; there are a few Mahomedans, Christians and Parsees too ; and there are three girls also included in the list. A few of those who thus received assistance from this fund repaid wholly or partly the amount of their loans ; but a great majority have not and it is problematic how far and when the repayments would be made. For the time being therefore, no further applications for assistance from this fund are being entertained.

Following Sir Vithaldas' example his cousin Sheth Hansraj Pragji Thackersey has also created an Education Fund for Gujarati Hindus, the income of which is devoted to the grant of

scholarships to students attending the colleges affiliated to the Bombay University. His fund has been made into a Trust by Sheth Hansraj's widow Bai Soonderbai under which the moneys are made available for school studies also.

Besides this fund, Sir Vithaldas helped other schools and educational institutions, when his assistance was sought. The Gokhale Education Society seems to have found a place in the sympathies of the Thackersey family and Sheth Hansraj Pragji Thackersey, first cousin to Sir Vithaldas, donated a princely sum for the foundation of an Arts College at Nasik while another large sum was donated in memory of another cousin, Dharmasinh, the only son of Sheth Govindjee Thackersey, for the establishment of a High School in Bombay. Sir Vithaldas himself contributed Rs. 1,001 to the general funds of this Society which is doing good educational work in the Bombay Presidency. The Saurashtra High School at Rajkot also approached him and obtained a donation of Rs. 1,001.

Chandod: Sanskrit Pathsala

Chandod, a small but sacred town on the banks of the Nerbudda near its confluence with its tributary the Oar had found a place in Vithaldas' heart ever since he stayed there with his family for several months during the illness of his wife Bai Leelabai and the days of the plague at Bombay. He established there a Sanskrit Pathsala for the benefit of the priests and Brahmins and the advancement of Sanskritic studies in memory of his father Sheth Damodar and this "The Damodar Thackersey Mooljee Sanskrit Pathsala" was opened on the 31st March 1896. This Pathsala has since been doing useful service to the Chandod people and has become an important institution in that town. The Chandod people have never forgotten the association of Sir Vithaldas and his family with their town and have by congratulatory address and letters on various occasions shown the love they bore to them.

On his return from his world tour, Sir Vithaldas acceded to

the request of these simple and loving folk and donated Rs. 20,000 for the construction and maintenance at Chandod of the Sir Vithaldas Damodar Thackersey Free Library. The Library building was completed after his death and was opened on the 31st August 1923 by Acharya Shri Narayan Maharaj before a representative gathering where the services of Sir Vithaldas and the great qualities of his head and heart were sung in prose and poetry.

Free Library

Sir Vithaldas' interest in the rural population and in the Co-operative Movement was very keen and he perceived the great need of adult education for the village folk in order to fit them for the co-operative and other work of village uplift which they might be engaged in. Illiteracy of the rural population has been indeed one of the greatest obstacles in the success and spread of the Co-operative Movement in the country and as a partial solution of the problem, Sir Vithaldas suggested to the Provincial Co-operative Conference of 1917 a practical scheme of starting night schools for adult co-operators and promised very liberal help to try the experiment if his scheme were approved by the Conference. The scheme proposed to teach the three R's and elementary co-operative accountancy to the intelligent members of co-operative societies where the members of the managing committees were illiterate, with a view to secure a sufficient number of trained men for such villages and thereby to help the co-operative movement. The conference wholeheartedly approved of his proposal as an experimental measure and unanimously passed a resolution expressing its best thanks to Sir Vithaldas for agreeing to find the money required and requested the Registrar in consultation with a committee to take up the work at an early date. In accordance with this resolution, Mr. R. B. Ewbank, the then Registrar of Co-operative Societies, fixed up the details and formulated a curriculum in consultation with the committee and

Night Schools

started work enthusiastically in June 1918. A number of schools were started at various places all over the Presidency, and to supervise these, two officers were borrowed from the Educational Department and kept under the control of the Co-operative Department.

In course of time, the schools finished the first year's course. In view of the very encouraging results obtained at these examinations, Sir Vithaldas submitted to the conference of 1920 that he would undertake to maintain 40 such schools for a further period of 4 to 5 years and requested the conference to recommend to Government to inspect and supervise at its own cost and to undertake all work in respect of organisation, supervision and inspection of these schools, as the charges on that account had been proportionately very heavy during the preceding two years. He agreed besides to undertake continuation work as suggested by Mr. Devadhar in the case of students who had completed the regular course of two years and promised his own share of contribution to this work. The conference of 1920 unanimously passed a resolution conveying its best thanks to Sir Vithaldas for his continuing at his own cost 40 such night schools for a further period of 4 years and recommended to the Government of Bombay to undertake to help the night school movement and to provide at their own cost the necessary inspection and supervision as would be recommended by a committee including the Directors of Agriculture and Education. The resolutions of this Committee were for a long time under consideration of Government. In the meantime, in 1921, the control of the Night Schools was taken over from the Registrar by the Bombay Central (now Provincial) Co-operative Institute. Government decided in April 1922 to provide for inspection and supervision of these schools as recommended by the committee and created for that purpose two posts of Assistant Deputy Educational Inspectors in the Educational Department. The Inspectors, formerly borrowed from the Educational Department, now worked from the 1st April 1922

under the Director of Public Instruction and supervised, inspected and organised the night schools which were controlled by a sub-committee of the Bombay Provincial Co-operative Institute.

The main object of these schools was to educate adult members of co-operative societies so as to fit them to serve as members of managing committees. They were therefore opened only in villages where co-operative societies had been established and where a sufficient number of literate persons could not be found to manage them. Education was absolutely free ; each school was supplied with necessary slates, books and other materials, and prizes are also awarded for passes at each annual examination. These night schools were circulating schools lasting at a place for two years. Each class was open for 2 hours daily except on Sundays and public holidays. It was closed when necessary at harvest and other busy times when the students were expected to be out in their fields even at night. No work therefore was expected strictly according to a set time-table and the teacher had to be left entirely to his own devices in teaching. The attendance consisted from the beginning of at least 20 illiterate pupils between the ages of 16 and 40 who were members of a co-operative society or who were children of such members and who had bound themselves to attend regularly. Local Board buildings were used wherever possible with the permission of the controlling authority, and when the Local Board teacher consented to conduct the school. When the teacher was not the regular school master, the class was held in some other building such as a temple, chavdi, or dharmasala in the village. The course was complete in itself and so simple as to suit the capacity of the pupils attending. It included grounding in the three R's and elementary knowledge of co-operative accountancy and it covered a period of two years. There were two examinations, one at the end of the first year and the other at the end of the second year at the close of the course. The examinations were held by the Inspector of Night Schools. The intermediate examination consisted of reading up to the

second vernacular reader, Arithmetic up to multiplication and the vernacular script. The final examination included reading up to 4th Vernacular reader, reckoning up to 5 figures, vernacular writing and dictation, geography from taluka and district maps and a knowledge of a co-operative society's accounts. The teacher's salary was Rs. 7 per month. In addition to this, he drew a small amount on account of contingent charges for keeping the school properly lighted, swept and equipped. Besides, he received a bonus of Re. 1 for each of his pupils passing the intermediate examination and Rs. 4 each for those passing the final. Prizes were also given to pupils, at each examination, of Rs. 5 each for passing the intermediate and of Rs. 15 for passing the final examination. The managing committee of the Society was the ex-officio visiting committee of the school. It was expected to render assistance in enlisting local sympathy and help, to stimulate attendance and supervise the school regularly. The intermediate controlling officer was the Inspector of Night Schools of the division, who worked under the orders of the Night School Committee of the Institute. He was expected to visit each school in his charge once every two months, test the progress of the students and offer to the teacher such advice as he considered necessary. He was to report the deficiencies and look after admissions and withdrawals in his schools. He had also to equip the schools, keep their accounts, appoint teachers, make payments to masters, carry on all correspondence himself, hold annual examinations, and to supervise the schools generally in his charge.

The necessary funds on account of these schools had been generously provided by Sir Vithaldas and the total expenditure on account of night schools in the Central Division from the beginning to the end of March 1923 was Rs. 17,542-4-9 and that in the Southern Division Rs. 14,705-14-0. Owing to initial difficulties, the night schools' work did not start under happy circumstances. Soon after the schools were opened, they suffered heavily from influenza and famine. Moreover they could not be started simul-

taneously and close to one another which rendered supervision less frequent and more difficult. In the Central division, 43 schools and in the Southern division, 39 schools were opened of which only 16 and 17 respectively were working on the 31st March 1922. Of the rest 9 and 16 completed the full course and 8 and 2 half the course while 10 and 4 schools had to be closed even before a year's work was finished in the two divisions respectively. In many cases, failures were due to want of interest and active support of members while a few schools had to be closed down for want of suitable teachers. In one or two instances, no progress was practically made for the whole year owing to many changes among the teachers working during the period. Much of the success of the Night Schools depends upon the personal enthusiasm of the teacher. The schools showed excellent work where the teachers were competent, painstaking and sympathetic. The results were not generally bad, wherever Local Board teachers were available. On the contrary, when private teachers were employed, the schools failed, except in one case, probably because they were unable to command as much respect and influence as local Board Teachers did and were unacquainted with the right method of teaching. Moreover they were very difficult to be replaced when they were found unfit or when they refused to work properly. Irregular and indifferent attendance was also responsible for some failures. When the society itself was indifferent, it was not likely to do anything to ensure good and regular attendance. In such cases, therefore, progress was slower than usual, the class got split up into a number of divisions and the teacher's work became harder than before. In five cases, the attendance happened to fall down below ten for one reason or the other, and schools were allowed to run till the completion of the course, and the teacher was paid instead of his regular salary, Re. 1 per head per month during the period. Most of the pupils of night schools were of course agriculturists. The only hard subject in the course was arithmetic which could however be

easily understood with sufficient practice. In the beginning, pupils found it a little difficult to learn the alphabet but they soon picked up the letters if they were properly taught. For the first few months, therefore, the teacher was required to exert himself as best as he could until the students learnt to read. When once they were able to read, interest was created, and the more they kept on reading, the greater was their desire to learn. If, therefore, the pupils were neglected in the beginning they were likely to lose interest, get indifferent and give up the work as hopeless. Progress, in some cases, had been faster, where the pupils had some schooling before. Weak memory is a great drawback in this kind of educational work. It is partly due to the age of the students and partly to the variety of occupations they are engaged in by day. It can, however, be made up by constant interest and attention, as the amount of memory work to be done is comparatively very small.

In the Central Division, 18 and in the Southern Division 19 schools completed the 1st year's course. Out of 206 and 236 students examined for the intermediate examination, 150 and 164 passed, thus giving a percentage of passes 73 and 70 respectively. 9 Schools that completed the full course presented 73 and 184 students for the final examination of whom 40 and 145 passed giving a percentage of passes at 63 and 78 respectively for the two divisions. The results so far had been encouraging. The students that completed the course could very well read, write and do easy sums. They were acquainted with the accounts of their society and could make their own money transactions themselves. It was expected that with a little training in continuation work, they would soon be able to serve on the managing committee of their society. With a view to bring this new educational influence within the reach of illiterate co-operators for a further period of 2 years, useful continuation work as suggested by Mr. Devadhar was proposed to be started for the schools where the two years' course was completed and where the students had shown good progress.

It was to consist of the establishment of libraries and reading rooms, the arrangement of lectures, the supply of maps and charts, magic lantern exhibitions, and excursions, to big industrial centres. A beginning was made in that direction by starting a library and a reading room for two of the Night Schools in the Central Division.

The night schools thus started continued to flourish more or less for the next three years. In April 1922, there were 41 of these, 23 in the Central and 18 in the Southern Division; in April 1923, the number had fallen to 32, 16 being in each of the two Divisions; in April 1924, the number was 22, only 9 of these being in the Central Division. Insufficient and irregular attendance was the chief reason for the falling off in the number. Mr. G. K. Devadhar's letter to Lady Thackersey of the 1st September 1922 is of interest in this connection.

> "As I am leaving for the station just now, I hasten to pen a few lines to tell you that the name of your great husband is held in very high esteem even by the people of the villages that are benefited by the night schools started by Sir Vithaldas. Last night I was in a village about 6 miles from here called Aminbhavi where I visited a night school attended by about 23 grown-up men. They are very enthusiastic about it. Only they are anxious to know whether the school will now be conducted as before. Moreover, I noticed a frequent mention of his name in a Kanarese Sangit Drama on Co-operation to witness which specially I was taken to that village."

The expenses of these schools were borne by the executors of Sir Vithaldas Thackersey's will, but they now could not see their way to continue the aid any longer. The Institute tried to find the necessary finance for these institutions from the central financing agencies of the Co-operative Movement, but did not succeed in arousing and enlisting sufficient interest and the night schools were therefore closed in 1925. The night schools cost Sir Vithaldas in all a sum of Rs. 84,000 and it is a pity that the experiment of adult education to the rural population did not meet with the success it deserved.

Flood and famine relief.

Of Sir Vithaldas it has been said by those who knew him best that no one who went to him for assistance returned without getting something or the other out of him. He had a very soft corner in his heart for misfortune and tales of distress always evoked a ready response from him. If he could not give all that was asked for, he would yet give a few yards of the cloth, a few bags of grain, a few rupees, but give something, he would. In 1921, there were unprecedented floods in Malabar and thousands of people were rendered destitute and homeless wanderers. Mr. Devadhar took up the cause, made an extensive tour of Malabar and started the Malabar Flood Relief Fund. He collected a fairly large sum of money for the work of relief and reconstruction and among the donors and contributors we find prominently the name of Sir Vithaldas for Rs. 2,500. The Hindu Orphanage at Surat received similarly Rs. 2,500. Among the donations of Sir Vithaldas in similar causes may be mentioned those to the Bombay Presidency Relief Fund, to the Hindu Orphans' Relief Associations, Simla, the Indian Famine Charitable Relief Fund, the Khulna (Bengal) Famine Relief Fund, the British Relief Fund and the Halar Prant (Kathiawar) Relief Fund.

Objects of public utility: Y. M. C. A.

Objects of public utility did not escape Sir Vithaldas' attention and appeals made for such purposes were met by handsome contributions. The Young Men's Christian Association issued an appeal for funds in December 1921. "In Bombay, the Y. M. C. A. maintains two large civil branches for students and other educated Indian young men and two other branches for Anglo-Indian apprentices and other communities. The National Council, which is an organization elected by the different associations throughout India, is responsible for work in other places of India, such as co-operative societies for poor villagers and maintaining centres for troops, both Indian and European, in places where there are no local associations. One of

the most important phases of the National Council's work has been the opening of a large Hostel in London for Indian students. Here they have living accommodation for 100 men and club facilities for 500. Some of the very best speakers and thinkers have taken part in the activities of this Hut, and it has made a very great contribution to the cause of Indian students in London. It has all the good features of a residential club and has facilities for coming into touch with the best of English life. Knowing you to be in hearty sympathy with such good causes I write to ask for your generous support of this appeal." It is hardly necessary to state that this appeal met with a generous response from Sir Vithaldas. On another occasion, the Y. M. C. A. Poona Branch appealed for funds for erecting its own building. Mr. Hudson, Collector of Poona, backed this appeal and the General Secretary of the Y. M. C. A. interviewed Sir Vithaldas in this behalf and secured a contribution to the Building Fund of Rs. 1,000. The Poona Municipality similarly received from him Rs. 1,150 for a fountain to be erected in a central place in the city.

Wai

The little town of Wai, on the banks of the Krishna, near Panchgani and Mahabaleswar, is held in esteem by the Hindus as a sacred place and it has associations for the Thackerseys, Bai Nathibai having breathed her last there. A rest-house (*Dharmasala*) has been built there and named the Damodar Ashram for the benefit of pilgrims and other people passing through Wai. On the occasion of the death of his mother, Sir Vithaldas' attention was drawn to the unsatisfactory character of the road leading to the cremation ground at Wai and he donated a sum of Rs. 2,500 to the Wai Municipality for the construction of a proper road on condition that the Municipality should undertake to keep it in repairs and that an equal sum should be collected from the town itself. The second condition was however waived later on, when the President of the Municipality explained that from the town itself, not more than Rs. 2,000 could possibly be expected and

that it was proposed to build a small room near the cremation ground for the mourners to wait while the cremation ceremonies were being completed. The road has been completed now and named by the Municipality the Sir Vithaldas Thackersey Road.

Servants of India Society

The Servants of India Society could not fail to draw Sir Vithaldas' sympathy. He contributed Rs. 3,000 and gave an annual grant of Rs. 500 for several years, and he assisted materially with his influence in the obtaining of the land and in the construction of the splendid mansion built for its Bombay Branch on the Sandhurst Road, in Bombay. The Deccan Sabha, Poona, similarly received from him a sum of Rs. 1,000 for its general funds.

Hospitals and dispensaries came in also for their share and the hospital at Sakchi (now, Jamshedpur) received from him a donation of Rs. 500. The King Edward Memorial Hospital at Poona received much more substantial help from him and he was elected vice-president of the managing committee in 1922. He contributed Rs. 5,000 himself and also enlisted the support of his friend, Sheth Mulraj Khatau and his brother-in-law Sheth Narottum Morarji Goculdas who contributed Rs. 5,000 each. A further sum of Rs. 5,000 was contributed by Sir Vithaldas for a new maternity ward in this Hospital and several smaller gifts were also made such as some iron cots, furniture and equipment.

Medical relief

In 1920, he offered to pay Re. 100 every year for starting the two village dispensaries at Dhinaki and Nagesvar in the Okha Mandal Prant of the Baroda State on condition that the Baroda Government should spend an equal sum of money for the drugs and that it would bear the full cost of a sub-assistant surgeon who was to be deputed to move about in the village for medical relief. The experiment was successful and the grant was continued for several years till more permanent arrangements were made by the State.

Sir Vithaldas with his co-trustees was also instrumental in financing a scheme for a Bhatia Maternity Home at Bombay. Untrained midwives and unscientific method during child-bed have taken a heavy toll of life from among young women and one of the most important and beneficent movements in recent times has been the provision of maternity homes and of providing facilities for careful nursing, supervision and instruction by trained midwives when the expectant mothers do not go to such homes but are confined at their own homes. Mr. Devadhar started a scheme for Bhatia ladies and the Thackerseys financed the scheme for several years till the Khataus, another important Bhatia family, took up the cause and arranged for its finance on a permanent basis.

Besides these, there were numerous minor calls upon Sir Vithaldas' purse and he acquired the reputation of a great philanthropist who never denied his support to a good cause and never turned away from his door the needy, whether he belonged to his own community or to any other. Students, widows, orphans—all looked to him for relief and assistance and did not look in vain for them. Of him, it could, with great justice, be said that he knew not only how to earn but also how to spend, not only how to receive but also how to give, not only how to enjoy but also how to contribute to the enjoyment of others. He understood the great mission of life and strove as far as it lay in his power to leave the world better than he found it. Lady Premlila, it is interesting to note, has imbibed the spirit that actuated her illustrious husband in his public benefactions and in private charities, and continues to follow his example in her own unobstrusive and silent way. She is interested in the cause of the education of women and children and she has been maintaining, the Parnakuti Kanyashala, a boarding school for girls and women in a wing of her residence, the Parnakuti at Poona. A new school building for the school has recently been constructed with suitable arrangements for a playground and gymnasium, and a staff of teachers has

been engaged for the work of training up the boarders who number about 30. Lady Premlila is also actively associated with the activities of the institutions so largely helped by her husband and

# CHAPTER X

## FAMILY AND SOCIAL LIFE

*Shreemati Nathibai. Bai Leelabai. Three periods. Lady Premkunver. Lady Premlila. Sheth Madhowjee. Sheth Purshottam Vishram Mavji. Mr. Govindjee Madhavjee. Relations with community. The Jam Saheb. The Gaekwar. Mysore. Other States. Governors and high officials. Mr. Pendlebury. The MacDonalds. Sir M. Visveswaraya. Sir Lallubhai Samaldas.*

A busy public man has often but little leisure for attending to the members of the family and of deriving a good measure of domestic happiness ; nor has he often the leisure to cultivate social relations with friends and acquaintances. And yet, we find in Vithaldas' case, a rare combination of a busy public man, whose public engagements ever engrossed him more and more, a quiet family man, who always found time somehow for members of his family and a very good friend and kind host, who met, entertained and cultivated friendships with a large circle of acquaintances with a rare charm and suavity, so that business, pleasure and affection all characterised the life of this great man. His family was not restricted to his mother and wife ; the joint Hindu family system enlarged his family circle to the whole of the Thackersey group and rather to the descendants of Sheth Mooljee, the father of Sheth Thackersey. Cousins were as dear to him as brothers and sisters, and these responded to his affection in the same fraternal spirit and looked upon him as the head of the family and an elder to whom obedience and respect were as much due as affection and love. To one who understands the petty bickerings and jealousies that so destroy the peace and tranquillity of a large

and unwieldy family, it is no small testimony to the sterling qualities of Sir Vithaldas that this big group remained happy and united and prospered under him. Sons and daughters, brothers and sisters, uncles and aunts and the in-law's—all were welded in a loving family with unbounded faith in his affection, tact and ability to smooth over all difficulties. It is not intended, nor is it necessary nor possible to detail the relations of Vithaldas with all the persons who formed his family. It is enough if we present a few only of the chief figures in his family circle, who influenced him or who figured largely in his life.

One of the greatest influences that ordinarily mould the character of a person is of course of those responsible for his early bringing up and training and these are usually the parents. There is no doubt thus in the case of Sir Vithaldas that he was very much influenced by the business acumen, spirit of enterprise and philanthropic tendencies of his father Sheth Damodar, who materially assisted his father and founder of the family, Sheth Thackersey, in building up the fortunes of his house from comparative poverty to a position of importance in the public life of Bombay. But the influence of his mother, Shreemati Nathibai, was more profound and left an indelible stamp on his character and views. Born in 1849 of poor parents, at Khambhalia, Nathibai had not received the benefits or any good education but her natural aptitude fostered by good people in early childhood impressed upon her the stamp of a good and capable typical Indian wifehood and motherhood. The joint Hindu family of the Thackerseys, where Nathibai was mistress, could not but develop abilities of a domestic and social character, teaching her self-restraint, and the habit of placing the conveniences and comforts of others before her own and individualism naturally gave place to co-operation in the young lady's mind. She found herself an heiress by the sudden deaths of her father and brother and yet instead of profiting by it, she spent all her inheritance with the full sympathy and assistance

Shreemati Nathibai

of her husband in building "the Dharmawada" which has been referred to in an earlier chapter. She was a lady of unusual strength of character and of an extremely religious bent of mind, and those tendencies naturally received further strength on the demise of her husband, which practically led to her being the head of the whole Thackersey family.

Nathibai visited all the chief sacred and holy places of the Hindus and she made very suitable gifts at such places—clothes and ornaments for the idols of the gods and goddesses, dinners to the priests and other Brahmins, food and clothing to the poor and the crippled, and to the *sadhus* and *yogis*, and encouraged the singing of hymns, and devotional songs. She was accompanied on these occasions by Vithaldas when he could snatch the time for it from the increasing pressure of business and public work, and by her younger son Sheth Madhowjee and sometimes by a capable clerk or personal secretary.

The daily routine, particularly with advancing years was dedicated to religion and devotion. The mornings were devoted to the bath and the morning toilet and to prayers, religious readings and worship of the family god. From about 9 to 11 she used to meet *sadhus* and devotees who visited Damodar Bhuvan, and attended to their needs as seemed wise and necessary. Lunch was followed by a couple of hours' seista and rest and the afternoons were devoted to a converse with cultured *swamis*, and learned pandits who began gradually to assemble in such large numbers that special arrangements were made for this purpose so as not to inconvenience the other members of the family. From 5 P.M. to about 7, Nathibai visited the Nar Narayan Temple on the Kalbadevie Road at Bombay where she joined the group of devotional singers. She believed in the cult of worship, in singing the praises of the Lord Shri Krishna and Shri Ramchandra and she attached great importance to the reading of the great Bhagwad Gita. She published the text of the Gita and freely distributed the copies. She held Sanskrit in high esteem and was ever ready

to encourage the cultivation and study of that language of the sacred books of the Hindus and she never failed to visit, during her pilgrimages, Sanskrit *Pathshalas*, *Vedashalas*, and *Brahmcharyashrams* and left her mark of appreciation by giving prizes and scholarships and gifts to the students and teachers in those institutions.

While Nathibai was thus deeply religious, she never forgot her social duties and obligations and maintained social touch and correspondence with ladies of her own community as well as other highly placed ladies such as the Dowager Rani Saheb of Wadhwan, Mrs. Ramabai Ranade, and others. She was a believer in social reform and held strong views on the absurdity of regular weeping and beating the breasts by women on the occasion of a death in the family for days on end, and of a particular colour for widow's weeds, and broke through several meaningless and irksome conventions prevalent on festive occasions. In 1909, her health was failing and she was taken to Panchgani near Mahabaleshwar for change of air, where however in spite of all possible care and nursing which love and money could procure, her malady increased and her condition became hopeless. Vithaldas carefully removed her then to Wai, a holy place on the southern bank of the Krishna, at the foot of the Mahabaleshwar-Panchgani hills on the Poona Road, where he had erected the Damodar Ashram in memory of his father Sheth Damodar and the aged lady expired in the same Ashram in July. She was a known figure among the ladies of Bombay and the Bhatia ladies held a special meeting on the 27th July 1909, under the presidentship of Lady Lakshmibai Narayan Chandavarkar to mourn her loss. Mrs. Jamnabai Sakkai, President of the Gujarati Hindu Stree Mandal joined in the chorus of regrets expressed on the occasion by numerous friends including several Indian princes.

The *shraddha* ceremony was duly performed by the sons at Dwarka where they were the guests of their cousin Sheth Purshottam Vishram Mavji in his magnificent bungalow, the Sindhu

Sadan. Brahmins were fed; gifts were offered to them; all school going boys and girls in Dwarka and in Okhamandal, the region round about, received presents of suitable clothes; contributions were given to temple endowments and indeed the sons did all their dear mother would have loved and liked on such occasions. The influence which Nathibai exerted on Vithaldas was truly profound and the great esteem and respect the son cherished for the mother was shown by princely donations in her name for the uplift of Indian women, notably the donation of Rs. 15 lakhs to the Indian Women's University, of Rs. 1 lakh to the Vanita Vishram, Bombay, and of Rs. 65,000 to the Seva Sadan, Poona.

Bai Leelabai

Vithaldas' marriage with Bai Leelabai, daughter of the great industrialist Sheth Morarji Goculdas has been referred to in an earlier chapter. Brought up in a rich and cultured family and trained up in the duties of her position under an able and capable mother-in-law like Nathibai, Bai Leelabai grew up into a beautiful and charming lady and a good and devoted wife. Her health was delicate and always caused great concern. Vithaldas attended to her with much love and solicitude and it was largely because of this that he took his family to Chandod in 1895, a small sacred and healthy town on the banks of the Nerbudda. The change did Leelabai much good and she visibly improved. The stay at Chandod was prolonged to several months and the family assembled there in large numbers. The memory of this stay at Chandod was a very happy one to Vithaldas who cherished a warm regard for this town and made substantial benefactions to it which have been referred to in the last chapter. Leelabai returned to Bombay and Vithaldas thought of renting a bungalow in Bandra, a suburb of Bombay in the recollection of the happy days he had passed there with his wife some five years ago and of the comparatively better climate there. But he could not do so since he had to go to Khambhalia to see his sister, Gomabai, who was fast sinking. Leelabai accompanied him and her health

suffered during this visit. She returned to Bombay, went again to Dwarka and Khambhalia for change of air and treatment; but there was no improvement. She was then removed to Lonavla, but her intestinal troubles did not yield to better climate nor to careful dieting nor to expert medical treatment and she expired on the 15th June 1899.

Three periods

Vithaldas' life can broadly be divided into three periods. The first was a period of preparation and training ending more or less in 1898 with his entry into the Municipal Corporation; the second ending in 1913 was a period of great public activities in the Municipality, the Bombay Legislative Council, and the Imperial Legislative Council and of his standing forth as a great industrialist and financier, launching several important industrial and banking concerns, taking up in hand the Co-operative Movement, working as a member of the Factory Commission and receiving the honour of Knighthood. The third period began with the comparative retirement into which the failure of the Indian Specie Bank drove him towards the end of 1913, and lasted practically till 1920 when apparently a fourth phase of renewed activity as a member of the Legislative Assembly was commencing, with the blossoming forth of his charities and beneficent donations marking him out as a great philanthropist. It is curious that these three main periods coincided more or less with the life of his three wives, Leelabai being the partner of his days of early struggle and apprenticeship.

Lady Premkunver

Shortly after Leelabai's death Vithaldas married again a young lady Bai Premkunver, the daughter of a Bhatia merchant who was carrying on business at Calcutta. A European lady, Miss Falve was engaged as her companion and she was trained up to take interest in Vithaldas' public activities, so that she was on good social terms with highly placed Hindu and Parsee ladies and used to accompany him often to At Homes, Garden Parties

and Dinner Parties and other social functions. On the occasion of the bestowal of the honour of Knighthood on Vithaldas, Lady Premkunver was also very naturally the recipient of many congratulatory messages and addresses. With this accession to her dignity, she had many more social duties to perform, to preside at prize distributions in schools and meetings, and to do all that wives of all great men have to do in a social way. Premkunver was of a serious turn of mind and spoke but little, but know how to preserve her own dignity and yet was loving and affectionate. The death of Nathibai in 1909 threw on Lady Premkunver added responsibilities as the head of the family and the leading lady in the community, which, however, she willingly shouldered and discharged with her characteristic energy and dignity. She, however, never enjoyed robust health. In 1912, her health began to fail and Sir Vithaldas, ever mindful of the obligations and claims of love and affection, cancelled many of his public and social engagements and placed her under expert medical treatment. But there was no improvement and she passed away on the 5th December 1912. Her death was a terrible shipwreck in mid-life to Sir Vithaldas. Lady Premkunver was his companion in his career of glory, when he passed on rapidly from one step to another, acquiring an assured position as one of the most prominent leaders of India, particularly in matters of trade, industry and finance and her death was a great blow indeed to him.

For a person under 40 with the affectionate and domestic temperament of Vithaldas and with his prominent position in the city and the country, a lonely life held no appeal for him and on the persuasion of friends and relatives, he decided to marry again. After a brief engagement, he married the daughter of Sheth Dharshi Purshottam of Rajkot on the 10th February 1913.

Lady Premlila

This lady was named Premlila, a pretty combination of the names of Premkunvar and Leelabai, thus recalling the sweet and subtle charm of the one and the dignity, activity and energy of

the other to the memories of the affectionate husband and the loving family.

Lady Premlila had received some vernacular education in the school at Rajkot but the duties of her new position made it necessary that she should receive higher education also and be trained up so as to be a real helpmate of her illustrious husband in his public career and private life. Vithaldas' mind was not set only on acquiring wealth and position; he never forgot the poor and the lowly; he believed in such a use of riches as would contribute to the welfare and happiness of the indigent, the distressed and the crippled and had a profound faith in the necessity of education for women in the cause of the country's progress and advancement, and he took an early opportunity to train up Lady Premlila in his ideas and views on the subject, with the result that she grew up into a cultured lady, knowing how to preserve her own dignity and what is more important still how to respect the dignity of others, with a soft corner for the poor and the indigent, anxious to do good to them by well conceived plans and ever ready to join and support her husband in his philanthropic schemes no less than to be his companion in the passage of life.

Miss Favel was engaged as tutor and companion to Lady Premlila from whom she picked up the English language and imbibed a great deal of general knowledge and the manners and etiquette necessary for a lady, moving in high society. She stayed with Lady Premlila for about 4 years till 1917 and played an important part in training her up properly. The fine arts and general accomplishments also were not neglected and in 1918 a Parsi lady Miss Banubai Bharucha and later on Mr. Datar of the Gandharva Maha Vidyalaya were engaged for her education in music. She soon picked up the various outdoor games such as tennis and badminton and also learnt riding for which Vithaldas had a great fancy, so that they made it a point to go out almost every day for a morning ride.

By her training and natural ability, Lady Premlila soon

fulfilled all the expectations that her husband had formed of her and she was his constant and faithful companion. Going to clubs, paying visits, attending parties, entertaining friends and welcoming guests soon became her normal functions and she secured recognition in society as a valued companion, a discreet friend and an ideal hostess. The death of Mr. Govindjee Madhavji the constant and close friend of Sir Vithaldas, in May 1914, brought Lady Premlila closer than ever to her husband as a friend and companion. The acute depression that clouded the life of Sir Vithaldas as a result of the failure of the Indian Specie Bank led him to move about and go on tours and excursions, intended by a change of scene and air to restore his health and soothe the mind from the effects of the great strain imposed upon it by that banking crisis. All these tours did great good to both Sir Vithaldas and Lady Premlila. To the former, it gave the rest and soothing which an over active public life demanded and the reaction of the banking crisis of 1913-14 made imperative; to the latter, it gave opportunities for education and knowledge in a much wider sense, giving her a breadth of vision and a liberality of views which any amount of home training could not have achieved.

The next few years were again among the busiest of Vithaldas' life and his death in August 1922 left Lady Premlila, a widow at the early age of 31. The training however she had received now stood her in good stead. Broad minded and liberal in her views, charitable and philanthropic in her desires, religious and devout in her tendencies, she lives at Poona in the Marble Palace, the Parnakuti, a life of calm usefulness, interesting herself in the various benefactions made by her husband and in other charitable deeds and has maintained the prestige and tradition of the illustrious family of the Thackerseys.

Sheth Madhowjee is the younger brother of Vithaldas. Born at Khambhalia, in 1877, when his parents were residing there to superintend the construction of the "Dharmavada" in memory of Nathibai's father, he was Vithaldas' junior by about three

years. He also received a decent education and training at school and later on under Prof. D. G. Padhye.

Sheth Madhowjee

He was early associated with his brother in the family firm and evidence is not lacking to show that he too possesses in no small degree the wonderful business ability and shrewd acumen so characteristic of the Thackerseys. The greatness of Vithaldas makes one sometimes lose sight of almost similar traits in his brother and is a handicap to the proper realisation of the position and status occupied in the business world of Bombay by Sheth Madhowjee. He has been an active member of several commercial associations in Bombay, and a director of the Bombay Provincial Co-operative Bank, which his brother was instrumental in starting. He has been nominated by Government as a Justice of the Peace and an Honorary Presidency Magistrate, and he is a respected leader of the Bhatia Mahajan. He was a very devoted and loving younger brother, ever respectful and obedient to Vithaldas, for whom his affection was remarkably great. Quiet and unobstrusive by temperament, he forms attachments which endure the test of time and holds the key to the hearts of his friends and relations by his gentleness, affability and love. He is now almost the sole survivor of the Thackerseys who under Vithaldas' leadership played an important role in the business world of Bombay. Shortly after Vithaldas' death, his cousin Sheth Hansraj Pragji Thackersey passed away and his death was followed by that of uncle Narayandas. Annasaheb, the young son of Narayandas died soon after and in 1929 Sheth Purshottam Vishram Mavji was cut off at a young age. All these deaths constituted a series of shocks to Sheth Madhowjee who saw one branch after another of the great family tree being lopped off, leaving him the sole guardian of the wide ramifications of the family business, and it is no small tribute to his latent powers that the business goes on flourishing as ever and the family traditions and prestige are being maintained bright as ever.

Sheth Madhowjee has five sons and a daughter by his wife Motibai, a lady of strong and energetic character who, as referred to in an earlier chapter, has the distinction of being the first Bhatia lady to be nominated as a Justice of the Peace. Of the sons, two have completed their university education, the elder Krishnaraj being a B. A. and the younger Vijaysinh being a B. Com. of the Bombay University. They have been initiated into the family business and give the welcome and much needed relief to the over-burdened father. The elder son is married to a young lady Pannabai, who is an undergraduate of the Bombay University. The younger son 'Vijay Merchant' is a wielder of the willow of no small eminence and his performances in the Test Matches played in the cold weather of 1933 against the M. C. C. have stamped him, in the opinion of those qualified to judge, as almost the best batsman in India, to-day. The daughter Bai Lakshmibai is still at college and the younger sons are attending schools.

Sheth Purshottam Vishram Mavji

Another of his relations, who exercised considerable influence on Sir Vithaldas and with whom most cordial relations subsisted throughout was Sheth Purshottam Vishram Mavji. He was the grandson of Sheth Mavji Moolji, the brother of Sheth Thackersey and was thus second cousin to Sir Vithaldas. Though Sheth Vishram carried on business independently of the old family firm, he was firmly attached to his cousins Damodar and Govindjee and on his death entrusted young Purshottam to the guardianship of Sheth Govindjee, who brought him up as his own son. Sir Vithaldas, therefore, from his young days was taught to look upon him as a younger brother. The very high regard both these young men entertained for uncle Govindjee connected the bonds of cousinly, almost fraternal, affection between them and on the 13th August 1897 Vithaldas, only a few years older, was appointed a trustee to his cousin's estate. Purshottam's letter to Vithaldas of the 13th September 1899, on the death of

their beloved uncle is couched in a fraternal tone with sentiments such as those one would express to a highly respected elder brother. He bewailed in beautiful language, scholar as he was, the uncle's death and described the depth of his feelings at the loss of their revered elder, the sun of their family, a shining light of the whole family and their true parental guide. He described himself as having become half demented, like a bird with its wings clipt, like people on a ship in mid ocean tossed and buffeted about by the surging waves caught in a terrible storm, and saw only one ray of hope in this that there was still an elder like Vithaldas left to take up the rudder of the ship, steer it clear of the storm and bring it safely to the shores of success. On his attaining majority, he publicly acknowledged, in a meeting specially convened, his gratitude to his trustees, Vithaldas and others, for the careful administration and management of his estates during his minority. Sheth Purshottam was another Madhowjee to Vithaldas. The launching of the Dwarka Cement Company was due in a large measure to the advice and co-operation of Sheth Purshottam.

Sheth Purshottam developed into a good scholar, an artist and a very well-known connoisseur of art and spent a fortune in gathering one of the finest private collections of paintings, embroideries and works of art of the Rajput and Mogul periods in the country, a part of which was removed on his death to the Prince of Wales' Museum at Bombay and another part to the Baroda Museum, while the rest is still a splendid collection housed in the spacious drawing room of his residence at Valkeshwar, near the Government House in Bombay. His bungalow at Dwarka, the Sindhu Sadan, is a splendid and spacious mansion, standing out in regal majesty, towering over all other structures in that town and his bungalow at Mahabaleswar, the Krishna View, commands a beautiful view of the Krishna Valley such as would delight his artistic soul and cravings. Sheth Purshottam died in 1929, at Poona. He left behind him an only son, Hansraj, familiarly

known as Dadasaheb, who took his B. Com. degree in 1932, and who is now being initiated into business by his cousins, the Thackerseys.

Outside his family circle, the outstanding attachment that Sir Vithaldas formed was the one with his close and personal friend, Mr. Govindjee Madhavjee. A peculiarly strong attachment had sprung up between Vithaldas and Govindjee so that they were more than brothers indeed. Govindjee was practically of Vithaldas' age, being senior by just about one year only and the beginnings of their friendship were laid in the school, where they were fellow-students. Govindjee's father was at one time a well-to-do business man trading in wool, at the small port, Jodia, in the Jamnagar State but straitened circumstances later on denied Govindjee the benefit of a university education. He was married early to Bai Jamnabai, the daughter of Sheth Purshottam Narayanji, a millowner of Bombay, but his self-respect did not permit him to seek favours at the hands of his father-in-law. It was, however, his friendship with his fellow student Vithaldas that opened up a new leaf in his life. Ever solicitous for the happiness of others, Vithaldas did not wait to be asked but himself began to arrange schemes for the setting up of his friend in life and to start with, he got him appointed as an auditor in the Thackersey Mooljee group of mills. Vithaldas wanted his friend almost always with him and could not therefore bear to have him stay at any distance from him, so that he arranged for Govindjee's residence in a bungalow just adjacent to the Damodar Bhuvan. The two friends were together from early morning to late in the evening, going about together to the mills, to social and ceremonial visits and for evening drives, and soon became known as 'the inseparables' in the community and the city generally. So absorbed was Govindjee in his attachment to his friend that he often neglected his own interests, but Vithaldas was more than mindful that he should not suffer on that account. The affectionate care and the zealous ministrations with which

Govindjee Madhavjee

Govindjee was tended in 1900 when he suffered from sprue and also later when he was attacked by the bubonic plague further cemented the bonds between these true friends. From 1898 onwards the responsibilities of Vithaldas increased on his entering a career of public usefulness and Govindjee proved invaluable as a true and devoted friend and companion, a sound adviser, a useful assistant and custodian of his personal comforts and needs. The unity of their hearts began to take on now an external manifestation not only in their inseparability but also in dress which was absolutely identical, even to the necktie and socks. The two went about together, dressed alike, to public meetings, mills, offices, visits, excursions and tours and almost every correspondent of Vithaldas made it a rule not only to convey his regards to the brother Madhowjee Sheth but also to the friend Govindjeebhai. The two friends soon unconsciously arrived at an understanding about a division of labour between them. The business side, so far as both were concerned, was looked after by Vithaldas; the social and personal side by Govindjee, who maintained his diary, noted his engagements, knew his likes and dislikes in clothes, games and in all other things and attended to all matters of details. The shouldering of this burden was a great relief to Vithaldas whose rapid rise in the decade from 1898 to 1908 to power and position was in no small measure due to the vigilant personal attention paid by his comrade. It must be noted that Govindjee was no sycophant or dependant; to him, Vithaldas was no 'Sheth Sahib' or a 'Sir Saheb' as most called him; to him Vithaldas was but *Bhai*—a brother.

Govindjee soon began to carry on business of his own under the name of Govindjee Madhavjee and Co., Ltd. The firm secured insurance business for the Bombay Fire Insurance Company, and the agencies of large coal merchants and engaged in diverse lines of business and prospered very well indeed, supported by Vithaldas' influence and guided by his sagacity. Busy though, Govindjee thus gradually became in the business of

his own firm, he was never too busy when Vithaldas needed him. No business consideration, no domestic or personal difficulty ever obtruded and 'Bhai's' needs stood paramount in his eyes. Govindjee shared Vithaldas' fancy for horses and could judge very well their points, and the two friends had also another hobby in common, that of photography. The friendship between the two continued unbroken till the premature and tragic death of Govindjee in May 1914. Vithaldas and Govindjee were to go to Mahabaleshwar on the 30th April after attending the sacred thread investiture ceremony of Annasaheb, the only son of uncle Narayandas. At 8 A. M. Vithaldas sent for Govindjee. Govindjee had just finished his morning *puja* at home and was setting out to go as usual to the temple of Shree Shanker close by; and the *bhaiyya* brought word that Govindjee Sheth was coming presently. Minutes went by and yet he did not turn up; a breathless messenger brought the news that Govindjee Sheth was lying unconscious in the temple, having been set upon by a drunken wretch of a *sadhū*. Vithaldas rushed forth and found his friend lying unconscious in blood-besmeared clothes and with heavy wounds on his head. Doctors were summoned instantly and all necessary arrangements for careful nursing were made forthwith. The Mahabaleshwar change was abandoned and Vithaldas stuck to Bombay. Expert medical treatment and careful nursing at home brought about considerable improvement and the wounds began to heal. Feeling that the danger had passed and the crisis averted, Vithaldas went down to Mahabaleshwar but a turn for the worse brought him back on the 24th to the side of Govindjee who expired the next day. The death of Govindjee was a terrible blow to Vithaldas who remained long inconsolable, and in opening his heart to a friend, he wrote;

"The loss of Govindjee to me will never be replaced. We lived and worked together for over twenty-five years."

Sir Vithaldas while devoted to members of his family was not unmindful of the claims of his commu-

nity. He, therefore, never shirked the obligations that he owed to the Bhatia community and tried to do service to it by his sage counsel and otherwise, and the community loved and honoured him as one of its most trusted and influential leaders. Uncle Govindjee was one of the pillars of the community and did yeoman service to it during the days of the plague in 1896 and Vithaldas as a young lieutenant naturally got opportunities of doing some service to the community. The Bhatias are in general a very orthodox and deeply religious people, strictly vegetarian and teetotallers. While appreciating the advantages of foreign education and of visits to England and the Continent, they were strongly opposed to young Bhatias undertaking such voyages beyond the seas, inasmuch as they involved a meat diet and the habit of taking alcoholic drinks, which went so counter to Vaishnavite teachings and beliefs. To-day the situation has materially altered, since facilities for vegetarianism are now available in England and since the question of food and drink has been brought down from the realms of religion to the planes of morality, so that a person taking animal food and alcoholic drinks is looked down upon socially as doing something which is regarded by the bulk of Hindu opinion as immoral but not as a person who has transgressed his articles of faith. But in those times Bhatia opinion, in fact Hindu opinion, was not prepared to permit voyages to the West and attempted active discouragement by the threat of ex-communication, which carried with it the still more dread punishment of social ostracism. Young Vithaldas could not understand the orthodoxy of the times nor was he frightened at the sanction behind the same. He therefore had no hesitation in accepting the chair on the occasion of a meeting held on the 20th August 1897 to wish *bon voyage* to two young Bhatias, Lakshmidas Rowjee and Kallianjee Morarjee, who were proceeding to England to qualify for the Bar and to get training in business organisation and methods. Vithaldas knew that they were the first among the Bhatias to cross the seas and

that on their conduct and behaviour depended largely the future attitude of the community. He exhorted them to follow their own religious practices and not to treat the matter with indifference or contempt, so that they might win the sympathy of the community on their return and open the doors of trade development to other Bhatias. This advice and exhortation, while not denoting the rashness of youth and a determination to go ahead regardless of consequences, were most practical and indicate a bent of mind, which while desiring to proceed and adventure is careful to disarm as far as possible all opposition. The two young adventurers were on their return excommunicated and an agitation was set on foot for their re-admission into the folds of the community. When it is realised that the community means largely friends and relations and that excommunication means being cut off from these, one can readily understand the strength of the desire to be admitted back in the communal fold. The Bhatia Mahajan of Cutch-Mandvi took them back after certain purification ceremonies had been performed and a certain sum of money had been spent on charitable purposes by them. But the Bombay Mahajan would not still admit the young people and on the 4th October 1903, a meeting of all Bhatias was held in the Bhatia Mahajan Wadi under the presidentship of the Hon. Mr. Vithaldas. The reformers and the orthodox sections had mustered in full strength at the meeting. It was natural that a great deal of heat and acrimony was imported in the discussions and after two and a half hours' fruitless arguments, the chairman explained that there being no evidence of any departure from their religious practices on the part of the two young gentlemen, their case should be viewed leniently. But the proposal for re-admission was lost and the meeting had to be dissolved. The agitation for re-admission lasted for many years and even a suit was filed in the High Court for defamation, and Vithaldas came in for a great deal of unpopularity and criticism in his community for some time.

Vithaldas, however, was generally very much looked up to

and was liked and respected by his community in Bombay and up-country. In matters of social reform, his views were advanced enough for his age, and yet were not so radical as to alarm the orthodox section. Vithaldas in a sense represented the younger and reformist section of his community in views and the older and orthodox section in caution and circumspection, so that he often won the respect of both the sections, who trusted him to find satisfactory solutions and compromises in difficult situations.

One such occasion arose in June 1900 when some Bombay Bhatias married girls from among the Hardwar Bhatias. The Bombay Bhatia Mahajan wanted to send out a committee of inquiry to ascertain whether the Hardwar people were really Bhatias and whether in customs and ways of life were desirable for inclusion in their fold ; later on they rescinded this resolution, whereupon sectional meetings took place and a serious agitation started. Ultimately both the parties sought Vithaldas' assistance who worked at high pressure, interviewed leaders and arranged a compromise acceptable to all, so that the meeting on the 13th August where 1,500 Bhatias attended, passed off smoothly and the crisis in the community was averted. With Vithaldas' entry in and close association with the field of civic problems and later on in the legislatures and the realms of trade, industry and finance, he was unable to find time to take part in problems that were purely communal ; but he did not cease to take interest in the welfare of his community. He provided for Bhatia women specially in the Nathibai Boarding School of the Vanita Vishram, Bombay and interested himself in the starting of the Bhatia Maternity Home at Bombay.

His suavity and urbanity, his desire to be helpful and useful and his hospitality won for Sir Vithaldas numerous friends among the large circle of prominent personages with whom his busy public life brought him into close touch. Being broad-minded enough, his friends were not confined to any one community or to any political party or to any one region or province. Europeans

and Indians, Hindus, Mahomedans and Parsis, princes and their ministers and officers, governors and members of their councils, all were attracted by Vithaldas who possessed the singular gift of touch and charm which converted acquaintance into friendship and which cemented the friendship by bonds of mutual love, respect and affection.

The Jam Saheb

The Thackerseys have always had good relations with the rulers of Jamnagar. The Maharaja Jam Saheb Shree Vibhajee looked with respect and friendliness on Sheth Damodar Thackersey and as a mark of his favour exempted him from state duties on articles taken for his use during his stay at Khambhalia, within the limits of the Jamnagar State. On the occasion of marriages in the Thackersey family, he used to send a cadet of his house or an officer of the state with suitable presents to represent him and invited Sheth Damodar to important functions in Jamnagar. Vithaldas cultivated these friendly relations further and a great deal of intimacy sprang up between him and the Maharaja Jam Saheb Shree Jasvantsinhji who was his guest at Damodar Bhuvan for some time and later on with the Maharaja Jam Saheb Shree Ranjitsinhji, the great 'Ranji' of cricket fame. On his way to Dwarka and Khambhalia, Vithaldas often had occasion to halt at Jamnagar. On one such occasion in 1909, as an illustrious subject of the State, he was welcomed at the railway station and treated with distinction by the Maharaja Jam Saheb, as a State guest :—

> "To meet the Hon'ble Sir Vithaldas, His Highness invited all his State officers, Kumars, Bhayats and leading merchants of the city to an evening party, held in the Jubilee park. The State band was in attendance. The whole park and the dining hall were nicely decorated and beautifully and tastefully illuminated. His Highness mixed freely with all and talked with Sir Vithaldas and his friends."*

* *The Times of India*, dated 20th November 1909.

Sir Vithaldas took occasion during his visit to distribute prizes to thousands of school-going children, and the Jam Saheb in appreciating this wrote :—

My dear Sir Vithaldas,

"I would be failing in my duty, were I to omit thanking you most heartily, for the very generous manner in which you have helped the cause of educating 'young Jamnagar' by the liberal prizes you awarded to the boys and girls yesterday and to-day.

We feel very proud indeed of such merchant princes as yourself and Sheth Abdul Karim. It gives me unbounded satisfaction to know also that your charities and good actions are not confined to either sects or creeds, but are broad and cosmopolitan.

Your recent visit has afforded me an opportunity of forming an acquaintance, which I trust will result in a long and sincere friendship, which will benefit my State and people by your wise counsels, valuable suggestions, and wide experience.

I hope your short stay in my territories and in your old home will be a very pleasant one, and that you will carry away happy memories which will induce you to pay us visits oftener in the future.

Wishing you every prosperity,

With kind regards,
Yours sincerely,
RANJITSINHJI,
of Nawanagar."

The acquaintance ripened into friendship and their business relations in regard to prospecting for minerals, and the Jamnagar Dwarka Railway have already been noted in another place. His Highness the Maharaja Saheb conferred upon Sir Vithaldas on the 25th June 1918, the First Class Order of Merit, the highest honour that the Nawanagar State bestows for service to the State and for public service, and always placed his special saloon at his disposal for his train journey from Viramgam into Kathiawar. The two eminent friends, the one a ruling prince and the other a merchant prince kept on a regular correspondence and introduced likely people to each other. The Jam Saheb accepted Sir Vithaldas' hospitality

also at Poona for about a month, who placed his bungalow there at His Highness' disposal.

The Gaekwar

Sir Vithaldas had also very good relations with His Highness the Maharaja Gaekwar, Sir Sayajirao of Baroda, who had great faith in his powers of organisation and management. His Highness frequently consulted Sir Vithaldas on various important State matters and was fairly often guided entirely by his advice and views. The first contact between them was established in December 1903, when the subjects of His Highness in the Okha Mandal Prant residing in Bombay gave him an address under the presidentship of Sir Vithaldas, and the beginnings were laid of friendship between them and of schemes for the Jamnagar-Dwarka Railway, of the Dwarka Cement Company and of the development of Okha Port, schemes which took two more decades to come to fruition. A few years later in 1906, His Highness the Maharaja Gaekwar inaugurated the Indian Industrial Conference at Calcutta which was presided over by the Hon. Mr. Vithaldas, when the ties of friendship between the ruler and his distinguished subject were further strengthened, and indeed so proud of him as a subject of his State His Highness was, that his was one of the earliest congratulatory telegrams received on the occasion of the honour of Knighthood being conferred on Vithaldas in 1908. The starting of the Bank of Baroda was indeed a further step in the ripening of the friendship and the increase of confidence between them and His Highness was a willing guest of Sir Vithaldas when he had occasion to visit Poona or Bombay. In 1921, His Highness was to inaugurate the Maratha War Memorial and to be guest of Sir Vithaldas at Poona and the letter of the Prime Minister of the Baroda State in this connection breathes a spirit of cordiality indicative of the relations between them. He writes :

"I have just received a radiogram from His Highness the Maharaja Saheb from s. s. Macedonia that His Highness has been unwell on board,

and has in consequence expressed his inability to go to Poona for the inauguration of the Maratha War Memorial. Your Poona house, which you so kindly placed at His Highness' disposal for residence on the occasion, will not, therefore, be required. All the same, pray, accept the cordial thanks of His Highness' Government for your courtesy in offering to lend it to His Highness."

His Highness the Maharaja Saheb had great confidence in Vithaldas' judgment, particularly in financial matters, and sought his advice frequently in matters connected with the investments of his private fortune and the State funds. Her Highness the Maharani Chimanabai Saheb similarly reposed great confidence in him and put him down as a trustee for the Trust Fund she had created for the advancement of education among Hindu women.

Mysore

Vithaldas' relations with the Mysore State were also very friendly and were due in a large measure to the intimacy between him and Sir M. Visweswaraya, the Prime Minister of Mysore. He was the chief adviser of the State in the starting of the Bank of Mysore, in selecting a competent manager for the Bank and in looking after its later development. The Maharaja Saheb received him as an honoured guest and on the occasion of the Viceroy's visit to the State, Sir Vithaldas, with His Highness the Maharaja Scindhia of Gwalior, was invited as an honoured State guest. The relations between them were sufficiently friendly for Vithaldas being asked to advise on many minor matters also, such as for instance the purchase of motor cars and palace decorations.

Other States

Vithaldas was keen on prospecting for minerals and this was responsible for bringing him into touch with many Indian States particularly in Kathiawar. Wankaner was one of them and his relations with His Highness the Maharaja Raj Saheb and his

Dewan, Mr. Nathabhai, became naturally very friendly, and he was an honoured guest on occasions of importance in the State, such as the marriages of the princes and princesses. Similarly Vithaldas was on very friendly terms with the rulers of Limbdi, Palanpur, Rajpipla and many others and the correspondence with them illustrates the high regard in which he was held by these princes and the confidence which they had in his judgment, in matters industrial and financial. It is remarkable how a busy public man like him could find time and energy to convert business relations into friendship and to maintain and strengthen the friendship with so many distinguished persons and to tender advice and views on various matters, small and big, of a very diverse character.

Governors and officials

With the Governors of Bombay, Vithaldas was no less friendly and it is interesting to note that the friendship with them did not end with the end of their term of office but continued thereafter also by correspondence, exchange of greetings and presents on suitable occasions. Lord Lamington, Lord Sydenham and Lord Lloyd thought always very well of him and their personal letters written in their own hands breathe a spirit not of official patronage or courtesy but of frank and cordial friendship. Lord Sydenham on the occasion of his leaving India wrote on the 5th April 1913 :—

> "I hope and believe that the College of Commerce in the future will do much to assist the growth of commerce and industry which will help the advancement of India. Our kind wishes to you. Do not forget us. Good-bye."

Again five years later on the 20th January 1918, he wrote :

> "We hope that all is well with you and that this year will bring you prosperity and happiness. I trust that it will bring the peace which the world needs. I am sure you are still actively helping the Co-operative Movement, which I believe is the most important in the interests and the advancement of the people."

In Sir Vithaldas, these distinguished rulers of Bombay saw

not only a reliable public man of influence but a warm-hearted friend. The association of Vithaldas with them and with several members of the Executive Council of the Governor of Bombay and later on with the members of the Government of India was peculiarly happy in this that it showed how Europeans and Indians could win one another's regard irrespective of the political and other opinions they held or had to uphold. Sir J. Muir Mackenzie, Sir J. Edgerley, Sir Charles Ollivant, Sir James Monteath, Sir Thomas Holland, and Lord Meston, are some of a large number of such European friends of Vithaldas.

Sir James Monteath writing from Bristol on the 17th November 1905, says :—

"It was very pleasant to see your writing in my English home. I hope that some day before very long I shall see yourself and show you some of the things worth seeing in England. Please remember me to all old friends. With kindest regards to yourself. Yours very sincerely."

Sir James now (Lord) Meston similarly writing on the 11th December 1918 says :—

"I am running to Bombay for a few days next week and hope to arrive there in the evening of Monday, the 16th. Would it be possible for me to have a talk with you next day or on Wednesday ? It is a long time since we have met and there is so much that I should like to talk over with you if you can spare half an hour. With all kind regards."

Lest it may be thought that Vithaldas cared to cultivate relations with high officials only, we might mention that among his very close friends were two Englishmen, Mr. Pendlebury and Mr. Macdonald, the first of whom was an old friend of the family from the time of his father Sheth Damodar and was the Agent of the Nizam's Guaranteed State Railway and the second of whom was his own tutor. Indeed Vithaldas' liking for European friends and their liking for him must have been largely due to the early influence of Mr. Macdonald on him at an impressionable age.

Pendlebury

Mr. Pendlebury often warned Vithaldas against overwork and the need for change in his letters which were always personal and in a sense paternal :

"Yours is a valuable life and you must take care of it. I am glad your good mother is also away and I hope when you write to her that you will remember us very kindly to her. Whenever you feel seedy, always take a rest and go for a change. We saw my daughter off on Saturday. I think she will soon pick up at sea."*

"Dont you be in a hurry to return to Bombay—take as long a change as you can. Let others do your work. God has given you wealth, but what is this if you have not health. So, I advise you to take a longer change. Had your father, who was my dearest and greatest friend, only taken more change and ease, and not kept so much at work, he might have been with us now. So, you must take care of yourself for the sake of others as well as yourself."†

The relations between Mr. Pendlebury and Vithaldas were indeed very close and intimate and in their correspondence they talk of their family affairs also with a freedom and frankness only to be found among intimate friends. Mr. Pendlebury thus confines his troubles and sorrows and opens out his heart to Vithaldas, on many occasions, and seeks his advice in February 1909 in selecting a suitable present for the lady he was marrying on the death of his first wife:

"I should be so pleased to have the pearl necklace for I know, I shall never have the chance of getting one with such lovely pearls ; but I am not perhaps justified in purchasing such an expensive present as I may want the money for something else, although I do not know at present of anything to prevent me from buying it. I will tell you for whom I want it as a present. My daughter goes home next month and she is engaged to be married although no date is fixed as her future husband's father died a few weeks ago. I never intend to settle again in England. I shall only have a trip home and back and as I hope to be in India I could never live alone in such a large house and keep up such a big establishment and so I have arranged to marry again. The lady who has agreed to be my wife is a widow and has no children. I have known her for the last 18 years and my wife knew

* Mr. Pendlebury to Vithaldas 25th March 1901. † 29th March 1901.

her and liked her. She lived formerly in Secunderabad where her husband died. She is the daughter of a Madras Civilian, I mean a member of the Covenanted Civil Service, who died two years ago and when I was in England I met her and she has now consented to marry me and as her husband died in this place and my wife also, we will get married quietly very likely at Colombo about the end of May and stay at the hill station in Ceylon until we hear that the rains have burst in Secunderabad. You now know for whom I wanted the pearl necklace; but my daughter is going home and when her marriage takes place perhaps I might want the money. The lady has been spending the winter in Switzerland where she is now. When you see her you will say she is one of the nicest women you have ever met."

This intimacy lasted throughout Mr. Pendlebury's life and on his death, Vithaldas did all that was possible in arranging his affairs and straightening things out for the benefit of his widow.

The Macdonalds

Mr. James Macdonald was the tutor of Vithaldas and the relations of teacher and pupil were soon converted into those of friends and co-workers, for both were members of the Municipal Corporation for several years. The following letter, dated 29th March 1901, is of interest as showing the warm regards these two had for each other, the predominant position of Sir Pherozshah Mehta in the Corporation and the movements that agitate the currents of municipal work and elections:

"You may well imagine that I have most ungratefully forgotten you and Mr. Purshotamdas, but you would be wrong. As you know I daresay there has been much worry about several things in the Corporation notably the Tramway. That at least will continue as long as ever the T. Coy. can annoy; and so far as I can learn since, they mean to carry matters even to the Privy Council. Harvey is cheerful, and says that when he goes on leave to London on the 1st May the only thing he means to touch there is the T. question. Then we have had any amount of trouble over Dr. Viegas' case. I twice saw Sir Charles Ollivant on his behalf because I firmly believe that he was duped by his Mussalman friends in the combination. The redoubtable Mr. Mehta is astonished at me beyond all others that I should interfere in a case

where the malpractices were so corrupt! There were eight in the combination but only the 6th and 8th—Viegas and Vandekar, non-Mussalmans—were charged. The judge said the prosecution was malicious and exonerated Viegas and his companion from complicity in the personations which were proved, but said their agents were guilty, and so he unseated the two—Mehta has been doing a good deal to keep V. out and I can hardly get a proper reason. I would wish to free him from personal animosity agst. V. Who knows? They would not on Monday last accept Inverarity's ruling that it was the old Corpn. that had the appointing. They now have the ruling strongly confirmed, so they have to fall back on other tactics. I fear I have made an enemy of Dr. Fell as I refused to nominate him for the S. C. on account of the ground he took up with regard to Viegas. He told everybody when canvassing for a seat in the Improvement Committee that Dr. V. could not be again appointed. Now he is to try to have him ousted so that he may sit in his chair in the S. C. I think there are only about twenty-four applicants for the Eight Corpn. seats in the S. C. I have an idea that Cuffe will come in as Chairman of the S. C. pushed by P. M. The Commr. also supports, I think. When you were down, I don't think there was any worry about the Presidentship. You remember, doubtless, that Wacha was to be the P. Well, since it is possible that some honour would fall to his lot, there have been envious persons moving to prevent its going to W. They tried to get Mehta to stand. I went to him straight and stated that I know he would not do that. I wanted to get his disclaimer and I got it. He said he would in every way support Wacha. So that, so far was settled. But our friend Mooljee Barbhaya was not without his ambition, and got me to sound the European members. Almost to a man, they agreed with me that it would be an unworthy act to do W. out of the office. M. B. hopes to come in next year. Nobody knows who is to act for Harvey. I think I could not be mistaken when I thought that on looking into your carriage where I was hopeful to see yourself I saw the stout personage of Mrs. Pendlebury. I did not see who was with her as the carriage passed quickly. My brother goes to Mahab. on the 15th April, but I am afraid I can't get up then. I owe you much for all your worry about my pump. My *mali* is a jewel! And make my profuse apologies to Mr. Purshotamdas. I have not only received his present of potatoes, but have enjoyed the eating of them! I hope to get a few minutes to write him. This I am now scribbling hurriedly in school, while my class is doing a History paper. And so you must please over-

look the writing. I hope you are all well. I am justly punished for not writing for I am left ignorant of what your movements. I hope to hear something soon, and now with my warmest regards."

These friends always kept each other posted with regard to happenings in public and private matters when they were not in Bombay. The details of home life and the fullness of description about men and things are indeed so close as to reveal very clearly the strength of the intimacy that bound them and their families. Mrs. Macdonald's letter of the 3rd February 1902 from England, a frank, chatty one, devoid of all references to business or public matters, indicates how Vithaldas had wound his way to the hearts of the Macdonalds.

"I don't know how my sister and I can thank you for your handsome present. It was really too good of you to send it. I thought by sending you the photographs to clear off in some very small measure, the debt which I owe you for many kindnesses. Now you have simply increased the debt! I hoped to have been able to send you some photographs taken by myself but I have not been able to manage it. For some months now we have had not light for printing photographs. The weather is simply shocking, at least I think so. Neither my sister nor I care for the cold at all. We think we prefer the heat, and certainly what we do prefer is the settled weather one has in India. In England one has rain, snow and frost all in one day. We have just returned from a visit to our sister Mrs. Logan in Ashly-le-la-Zonch in Leicestershire. It is quite a small country town. The cold while we were there was excessive. One had several days of hard frost and just when people were beginning to get out their skates and polish them up for use, there came a thaw! Mr. and Mrs. Doderet are travelling on the continent. At present they are at Nice, where they saw the great Battle of Flowers, last week. Small-pox is very bad in London, just now. We have all been vaccinated, but even now we are nervous about going up to town. So many cases have been reported of people travelling with small-pox on them, in buses. The doctors all look forward to a terrible outbreak in spring. At present the cases are over seventy a day. Now I think I must close. Again thanking you both for my sister and myself."

The intimacy with Mr. James Macdonald extended also to

his brother Mr. D. Macdonald, the Registrar of the Bombay University, who kept up also a regular correspondence about various matters, small and big. At one time he asks Vithaldas to buy some debentures for him in his wife's name ; another time, he asks him to send him some stamps of Zanzibar and East Africa for his son, who being an invalid had developed the hobby of collecting stamps ; he refers to his speech about mills, their present and future prospects ; and he refuses to take advantage of his generous nature. He writes :

> "My only doubt is, knowing how generous and kindly unselfish you are, that you may be simply handing on some of your own debentures. I hope not, for I don't like putting a generous friend in the position of sacrificing something of his own in order to do a favour to a friend, simply because he has been asked if he can, without changing plans or depriving himself of something, do the kindness referred to."

Besides these European friends, Vithaldas had very many good Indian friends.

Among these numerous friends that the temperament, habits and the public life of Sir Vithaldas had formed for him, there is none who occupies such a prominent place as Sir Mokshagundham Visveswaraya, K.C.S.I., who rose in the service of Mysore to the Dewanship of that premier Indian State in India and whose regime was marked by great and rapid progress and administrative measures of far-reaching influence on its economic development. He came into close touch, both official and personal, with Sir Vithaldas and the tone of their letters breathes a spirit of great intimacy and cordiality. The friendship between these two seems at first sight to be a bit peculiar in so far as temperamentally the silent, reserved and grim administrator and economist of the South stood out in great contrast with the hearty and bluff though exceedingly shrewd merchant prince and financier of Western India. It seems Sir M. Visveswaraya recognised in Sir Vithaldas the great practical exponent of industrial and commercial development

Sir M. Visveswaraya

of the times, and as such he was not slow to take opportunities to consult him every now and then in matters small and big and be guided almost entirely by him. Indeed the correspondence between the two friends was very regular and frequent and naturally very intimate. Though business matters are prominent in these letters as might naturally be expected, the personal touch is never absent, so much so that on one occasion indeed Sir Visveswaraya regretted the business tone of his letter. In almost every letter he had references to make to Lady Thackersey, to Sheth Madhowjee and to Mr. Govindjee Madhavjee. He had frequent occasions to visit Bombay and was almost always a guest of Sir Vithaldas at Damodar Bhuvan, where naturally he must have been introduced to and become intimate with his family circle. When Lady Premkunver's health was breaking down, Sir Visveswaraya does not forget to add to his letter of the 17th June 1912, about the Mysore Bank :—

"I hope that Lady Vithaldas' health is satisfactory and that you are able to do your heavy public work in the best of health and spirits."

The subsequent death of the lady soon brought forth a letter from him breathing sentiments such as only very intimate friends could cherish. He writes :—

"I am anxious to learn what the effect may be of your great bereavement on your own personal inclinations and public activities. When I saw you last, you had quite resigned yourself to the situation. I hav gone through the same trials and I know how terrible it is to suffer such a shipwreck in mid-life."

He adds in a postscript:—

"If a change to Bangalore will do you good, I shall be most happy to see you here; I have taken up a new bungalow for my official residence and I have a fine suite of rooms to place at your disposal."

Every now and then, Sir Visveswaraya invites his friend to Bangalore and Ootacamund and Mysore and presses his invitation with tenacity despite the inability of Sir Vithaldas to accept it on account of the pressure of business. So often

does Vithaldas try to go and so often has he to postpone or give it up. In April 1913, he writes—

"I hope to do everything possible to make you comfortable but you must be prepared to be disappointed if you find me engaged in my work in office for the greater portion of the day. I hope to be able to join you in excursions or some of them."

Sir Vithaldas' princely hospitality has also been often referred to by the same friend in very many of his letters. When they both paid a visit to Sakchi (now Jamshedpur) in December 1916, Sir Visveswaraya writes on his return :—

"I retain very grateful recollections of your kindness to me during our visit to Sakchi; so long as I travelled with you, I had not a care in the world."

Later in 1919, Sir Visveswaraya joined Sir Vithaldas and his party in the world tour where the two friends experienced the pleasures of each other's company for a few months. They separated in Japan, but reunited in America. Sir Vithaldas' ill health in England made his return earlier to India necessary while Sir Visveswaraya went on for a continental tour, whence he kept up a friendly correspondence with Sir Vithaldas. He continued to show anxiety about Sir Vithaldas' health and advised him to—

"have a special treatment in the shape of regular exercise and diet for some months in order to regain your robust health."

and even as late as the 18th July 1922, referring to his ulcers he thinks they

"must be due to fried-delicacies and sugar."

and advises week-end rest and occasional rest for one or two weeks and hopes that Lady Vithaldas insists on his devoting 45 minutes to each meal.

The friendly relations between Sir Visveswaraya and Sir Vithaldas' family continue as cordial as ever even after the death of the latter and Sir Visveswaraya has often been since then a familiar and honoured guest at the Parnakuti during his visits to Poona.

Another of Vithaldas' close friends was Sir Lallubhai

Samaldas the well-known merchant and industrialist of Bombay. His brother Mr. Vithaldas Samaldas was for many years the Dewan of Bhavnagar State and was a personal friend of Sheth Damodar and it was but natural that the intimacy between them should have descended to Vithaldas and Lallubhai. These two were very closely associated in many public activities and indeed their relations approximated more and more as years went on to those between brothers. Sir Lallubhai's association with Vithaldas in co-operative activities has already been noticed in a previous chapter. Indeed, these two have been looked upon as the great pioneers of the co-operative movement in the Bombay Presidency.

Sir Lallubhai Samaldas

Their association in the matter of establishing the Bank of Baroda has also been referred to in a previous chapter. Sir Lallubhai had indeed very great confidence in the abilities and judgment of Sir Vithaldas and made it a point not to associate himself with any commercial or industrial enterprise unless it had received the sanction and co-operation of his friend, so that in very many of such undertakings we find both of them on the board of directors or neither. Thus for instance writing to Mr. Govindjee Madhavjee on the 27th September 1907, Sir Lallubhai says:

> "I had a letter from Mr. Whiteneck forwarding me a copy of his letter to the Hon'ble Mr. Vithaldas and a copy of Diwan Bahadur Ambalal's memo. I have said in reply that I shall join only if *Bhai* joins. Please let me know what *Bhai* has said in reply to that letter."

It is indeed difficult to find any public enterprise, be it co-operative, financial or industrial, be it a building scheme like the Bombay Villas Syndicate or a projected railway or bank on which we find one without the other. Their close business association and the long continued friendship of the two families had created a very intimate bond of friendship between them which still can be traced in the very good relations between Sir Lallubhai and Sheth Madhowjee and Lady Premlila.

# CHAPTER XI

## TRAVELS AND TOURS

*Games, arts and hobbies. Tours in South India. Kashmir. World tour. Bombay to Kobe. Japan. China. United States of America. England. Return.*

Variety is the spice of life and the dull pursuit of the routine of every day life brings about monotony, dries up the streams of joy and pleasure and creates a dull and gloomy outlook which deadens the perception and weakens the pulsations of liveliness. Everyone, however engaged in important affairs and however busy with multitudinous activities thus requires relaxation and amusement which recuperate and freshen him after a full and busy day. The playing of games and the pursuit of arts are very important means to this end, while travels and tours are recuperative in yet a larger measure, by combining rest and amusement with varied new scenes and opening out sources of general knowledge, enjoyment and broader outlook so eagerly sought by busy and active persons.

Games, arts and hobbies

A few words may here therefore be said about Sir Vithaldas' interest in games and arts and some of his hobbies and of his travels and tours.

His passion for riding has already been referred to. From a very young age, he loved to ride and was a good judge of horses. This love of horses and riding remained with him to the end of his days and he almost invariably made it a point to ride at least 10 miles a day, both as a matter of pleasure and as a constitutional. Lady Premlila in his later days also learned to ride and frequently accompanied him in his morning constitutional. Though he did

not go in for any systematic course of physical training and culture, these daily rides went a long way in maintaining his health and in keeping up his activity and energy to a degree necessary for a man of his multifarious activities. His evenings he devoted to clubs and gymkhanas and he was a memher of very many of such institutions, the chief of which were the Orient and the Willingdon Clubs at Bombay, the Poona Ladies' Club, the Mahableshwar Hindu Gymkhana, the Simla Club and the Chelmsford Club at Delhi.

He liked to watch cricket tournaments though he himself did not play the game. But he liked to play lawn tennis and regarded it as a very good game from the point of view both of interest and exercise, and he had his own tennis court at the Damodar Bhuwan, Bombay and the Aspect Hall, Mahableshwar, and had prepared a level plot of ground for a tennis court at the Parnakuti on the Yeravda Hill, Poona. Among indoor games, he loved chess but did not prefer playing cards for money. He was fond of billiards and the fine billiard rooms in the Damodar Bhuwan and in his Poona residence often attracted parties of his numerous friends for a game. Photography was a great hobby of his and the numerous snapshots collected in his albums taken during his tours in India and abroad bear testimony to the strength of this hobby and to his skill in it. He not only loved to take snapshots but also liked to develop and print his own pictures.

He was an admirer of beauty and loved to wander, whenever occasions permitted, on hills, river-banks, confluences and the seashore, where he could drink to his fill the beauties and glories of nature. At night time, he loved to gaze at the sky and look at the various planets and stars through the telescope. The spacious and high terraces of the Damodar Bhuwan and similar facilities in his Bund Garden Road bungalow at Poona enabled him to indulge in this hobby, in the pursuit of which he was encouraged by Professor Naigamwalla, the Poona scientist. He arranged also to have in his marble palace at Poona, the Parnakuti, a

beautiful high tower where his taste for astronomical observations could be satisfied.

Sir Vithaldas loved the fine arts, and was a good judge of the skill of women in the art of knitting, embroidery and painting. He was, therefore, naturally much in demand in the holding of fancy fetes and exhibitions. One such exhibition of women's work was held in Australia in 1907 where a section was set apart for Indian women's work. The exhibits sent from India were selected by Sir Vithaldas and were appreciated very much at the exhibition as being very attractive, and Lady Northcote wrote from the Government House, Melbourne, a very kind letter stating that the Indian exhibits were of much interest to Australians and that she appreciated his sparing time, busy man though he was, to procure exhibits for the Australian Exhibition.

He was not a theatre or a cinema goer, fond though he was of music. He believed in the power of music to refresh, to provide recreation, to soothe the nerves and to entertain. He used to have with him trained musicians from the Gandharva Maha Vidyalaya, Bombay, and used to listen every evening after dinner for some time to a few moral and devotional songs and sometimes to practise a few songs himself on musical instruments. Sir Vithaldas was an exceedingly busy man with varied interests, public and private, and it is no small tribute to his versatility and to his ordered mode of life that he should have been able to find time every day for the gratification of his hobbies and the pursuit of games and arts.

Tours in India.

Sir Vithaldas was fond of travels and excursions and we have noticed already how in his younger days he made extensive tours to Northern India mostly for visiting sacred and historical places soon after his father's death. During the years that followed, he was much too busy in the Municipality, in the Legislative Council and in the starting of banks and he could not spare time for any extended tour, though he never missed going out for

a change of air and scene to Mahableshwar and Poona. From 1914, however, circumstances changed. The loss of his close and personal friend Mr. Govindjee Madhavjee had left a void in his heart which could not possibly be filled up. The failure of the Indian Specie Bank led to a reaction and left him considerably depressed and low. These events therefore strengthened and brought out the latent desire to go out on extended tours for the rehabilitation of the strength of his body and vigour of his mind.

South India.

In December 1914, we find him thus going to Jamshedpur to attend at a meeting of the Board of Directors of the Tata Iron and Steel Works from whence he proceeded to Calcutta. There he was joined by Lady Premlila and the two proceeded to Jagannathpuri, one of the four cardinal places of Hindu pilgrimage. From Puri they started on a tour of South India and reached Madras on the 2nd January 1915. From thence they went to Rameswaram associated in Hindu mythology with the building of a bridge across the Palk Strait by Shri Ramchandra for his invasion of Ceylon. Dhanushkodi was next visited and from there they returned to Bombay on the 11th January 1915 visiting *en route* places like Madura, Trichinopoly, Chingleput, Conjeeverum and Arkonam. The magnificent temples and the grand gopurums of Madura, the Shivkanchi and Vishnukanchi in Conjeeverum and the historical monuments in Trichinopoly chiefly engaged their attention during these visits. In January 1916, Sir Vithaldas took the occasion of the foundation of the Hindu University at Benares to go out with Lady Premlila on a short tour in Northern India visiting places like Benares, Allahabad, Delhi and Agra.

Kashmir

In the monsoon of 1917 a tour to Kashmir was organised. Kashmir is the beauty spot of India, a land of perennial spring, a garden of Eden, a land of *Apsaras* and houries and the Switzerland of India. In this tour Sir Vithaldas and Lady Premlila had taken with them a large party ; Miss Favel, the companion of Lady

Premlila and Bai Banubai, her music tutor, were with the party, which was joined from Gulmarg by Sheth Madhowjee, Mr. Damodar Govindjee and Mr. Girdhardas, the son of Vithaldas' sister Gomabai known in family circles as Kakubhai. The party proceeded from Rawalpindi to Srinagar by motor and stayed in house-boats in the Jhelum, visiting the art and craft establishments of Kashmir, delighting in the wonderful scenes of natural beauty in that charming valley. At Srinagar, they came across friends like Sir Dorab and Lady Tata, Sir Purshottamdas Thakoredas and his Highness the Thakore Saheb of Limbdi.

From Srinagar the party proceeded to Amarnath, one of the sacred peaks of the Himalayas—14,000 ft. above the sea level, when arrangements for halts on the journey were made by the Kashmir State. The tourists enjoyed this trip very much and the following extracts from the diary of Lady Premlila's companion, Miss Favel, will be of interest as recording the impressions and emotions of the party at the moment:—

"In the grandeur of that scene God's power was felt. The soul shrank within itself—conscious, as never before, of nature's noble immeasurable forces.

Our last march from Panchtarni to Amarnath was the most trying and most dangerous part of our expedition but as our goal lay only a few miles away we cheerfully set out to overcome all obstacles. Most of the paths had been washed away during the heavy monsoon, and we were obliged to send several men ahead the day before to cut new paths in the mountain sides.

It was an exceedingly steep climb and we were roped to each other for greater safety. The horses followed behind. We needed them to ford the icy streams that menacingly crossed our path. With the help of our spiked sticks we wearily wound our way higher and higher till we reached the grand old glaciers.

Something akin to dread pervaded us at the sight. The mountains appeared to be knitting their brows into threatening frowns at our daring intrusion into their solitude. Our servants would not believe

that they were actually walking across ice, until they had broken off bits and then their amazement was very comical indeed!

We nearly paid for our ignorance with our lives; for suddenly, the mountains shook with an angry growl and a mass of soil and stones came rolling down upon us. We rushed to one side and huddled close together, stood watching the land-slips with terrified eyes—from a hundred feet below came mocking laughter from the icy stream.

The guide advised us to hurry on as these parts were unsafe. We had just witnessed one of the land-slips so common in the Himalayas—caused no doubt on this occasion by the hammering of our servants on the ice and the consequent vibration in the air.

Those twelve days and nights spent mostly *à la belle étoile* ..... communication with nature, will remain, I think, the pleasantest, happiest memories of our whole sojourn in Kashmir. All the dearer, perhaps, because it was not wholly a path of roses."

The Kashmir tour brought Sir Vithaldas closer to Sheth Mulraj Khatau and their acquaintance ripened into an intimate friendship. The summer of 1917 was spent by Sir Vithaldas at Lonavla and it was there that the first beginnings of their friendship were laid. Sheth Mulraj Khatau did not form one of Vithaldas' party in the Kashmir tour; he had made separate arrangements for himself but the association of a long tour brings people closer together earlier than under normal circumstances. Returning from Kashmir, Sir Vithaldas and party halted at Amritsar and visited the famous Golden Temple of the Sikhs there.

The year 1918 saw Sir Vithaldas busy with various industrial schemes such as galvanizing steel plates and manufacturing agricultural implements and more particularly he was busy with the pushing forward of his scheme for the Dwarka Cement Company and yet he combined pleasure with business when in 1918 he went to Dwarka and Okha Port with Lady Premlila and Sheth Mulraj Khatau by a coasting steamer.

World tour.

It was the desire of Sir Vithaldas to pay a visit to England and, if possible, to make a tour of the Continent and visit other countries of industrial and commercial importance, like Japan and

America. He did not conceive of such a visit as one purely for pleasure or for health or for a recreative antidote against the worries of a business life but he believed in such tours abroad as being very necessary for the expansion, development and proper organisation of business. In his early years, Sir Vithaldas often reflected sadly, he was devoted to public service and public life when he should have more properly turned to making money, and at a more advanced age when a man likes rest and peace, when a restriction on business activities is desirable and when entrance into public life is more possible, he had to devote himself more earnestly than ever before to schemes of industrial development. His desire for foreign travel thus remained unfulfilled for a great many years. The orthodoxy of the Bhatia community and the requirements of a busy public life always came in the way of his undertaking a European tour. By suppression, however, this desire grew stronger with the passage of years and he had almost definitely planned to go to England with Mr. Gokhale in 1912. This plan he had to give up and shortly thereafter the cloud of war hanging over the world for years past burst and 1914 and the years thereafter saw the nations of the world at grips with one another and naturally all ideas of a tour to the leading industrial and commercial countries of the world had to be put aside till 1919 when the defeat and submission of Germany had brought peace to a much distracted, war-wearied and exhausted world. Sir Vithaldas took up his idea then and began to organize his tour to the leading countries of the world in his own careful and detailed way. His friends, Sir M. Vishveswaraya and Sheth Mulraj Khatau expressed their willingness to join in the tour and it was decided to start from India east-wards, visiting China and Japan in the first instance. Thence it was proposed to cross the Pacific Ocean to North America, wherefrom the party proposed to cross the Atlantic to England. On the return journey it was proposed to visit the principal continental countries and thus to complete a short world tour. For a tour of this character, it was

necessary to plan, arrange and organize beforehand. Passages had to be secured from the steamship companies, introductory letters had to be obtained on the British consuls and ambassadors in the countries proposed to be visited and touch had to be established with business houses in those countries having trade relations with India. We have seen that Sir Vithaldas had a large number of English friends and early intimation of his proposed visit had to be given to them so that it might be possible for him to meet his old friends in their homes. Sir Vithaldas' party included his wife, Lady Premlila, his nephew Mr. Girdhardas and his wife, Mrs. Seetabai Annegeri an old student of Professor Karve's Hindu Widows' Home at Poona as Lady Premlila's companion and Mr. P. V. Shukla of Rajkot. Sir Vithaldas knew that it would be very expensive to take servants and perhaps inconvenient at some places, but he was prepared to face the expenses to get comforts on the way. Sheth Mulraj Khatau, Sir M. Vishveswaraya and Dr. Mangaldas Mehta, brother of Sir Chunilal V. Mehta, also joined Sir Vithaldas' party and they all left Bombay on Friday, the 14th March 1919, by the s. s. Dunera.

Bombay to Kobe

The first port of call was Colombo which was reached on the 19th March. The party got down and had a look at the city with its gardens and the Buddha Temple with its images of Buddha—sitting, standing and lying down. On the 22nd, they sighted the island of Sumatra and on the 24th they reached Singapore. The botanical and economic garden gave them much to learn, particularly about the rubber industry—so characteristic of the East Indies. Hong Kong was reached on the 31st where they first came into touch with Japanese civilization. This great commercial emporium with its huge *entrepôt* trade greatly interested Sir Vithaldas and his friends who visited its bazaars and shops and other places of interest. A cooler climate now prevailed and the steamer reached Shanghai on the 4th April where the party put

up at the " Astor House Hotel". Shanghai is one of the world's great cities and ports and it is regarded as the Bombay of Eastern Asia. The city has been divided into two parts; one is the international settlement; the other is Chinese. This latter seemed to be very dirty and uncivilized while the former presented all the features of a progressive and prosperous town. The fine Chinese temples, the big cathedrals, the famous bubbling well and the commercial activities presented considerable interest to this party of Indian commercial and economic leaders. From Shanghai they continued their tour to Japan by the Japanese s. s. Kumana Maru and on the 7th they sighted the small and dirty town of Mogi and on the 8th they reached Kobe where they put up at the Oriental Hotel.

Japan

Sir Vithaldas' stay in Japan extended to about two months and a half during which period he visited all the big Japanese cities like Kobe, Kioto, Tokio, Yokohama, Osaka and saw the various sights of these places. Lady Premlila maintained a diary during her stay in Japan and we learn from this record that Japan has organized exhibitions and museums of different types at various places. There are the fruit museums, the war museums, the naval museums, the Imperial museums, the museums of communication and transport and all these play a very important part in the popular education of the Japanese. The gardens there similarly have been arranged from the point of general usefulness and for educative purposes so that there are the Imperial Garden, the Botanical Garden, the Zoological Garden, the Nursery Garden, the Hilia Park—all full of samples of great natural beauty. The Japanese have a great passion for flowers and there are special festivals for flowers in the season when they grow in great profusion. Artistic illumination is also very dear to the Japanese mind and Sir Vithaldas and his party had occasion to witness the exhibition of this characteristic Japanese art in the Hilia Park on the 7th May and a week thereafter when the trees were decorated artisti-

cally with illuminated paper lanterns of various colours and when illusions of charming waterfalls of different hues were created by lights and shades. On railway journeys, the Japanese provide a view-car attached at the end of the train and designed to enable tourists to have a beautiful view all round of the country through which it is passing. Sir Vithaldas and party naturally took advantage of this facility and saw much even during journeys by train than would have been otherwise possible.

The beauty spots of Japan, its fine temples, its splendid buildings on elevated plots of ground or in the midst of small lakes, all these gave a very high idea to Sir Vithaldas and his party of the Japanese, their industriousness, their eye for beauty, their reverence for ancestors and their patriotism. The temple with one thousand images of Buddha in Kioto, the camphor-wood temple, the ancient temple at Niko with its wonderful wood-carving, the mist cascade, the Chuchensi waterfall, the Nicol production exhibition, Mount Fujiyama, the five hundred years' old temple at Sayojiji, the Big Hell—a two thousand feet high mountain with its boiling water, the volcanic fires at Miajuma kept alive for more than a thousand years, the old historical palace, these were the chief things that interested our tourists. Educational institutions, however, did not escape Sir Vithaldas' attention. They saw representative children's schools, kindergarten classes, schools of art where beautiful painting, clay modelling, lacquer work and wood work were being taught with great efficiency and a girls' technical school which Lady Premlila notes in her diary as an institution worth paying a visit to and where 1,500 girls were receiving instructions in different crafts and arts. On the 6th May Sir Vithaldas' party visited the Japanese Women's University, which impressed them considerably with its various departments such as dyeing and bleaching, cookery, infant welfare, dairying, tea ceremony and poultry. At that time about 1,700 Japanese girls were receiving training and out of these 900 were staying in the University Boarding attached to the University where the

Schools' Savings Bank, Co-operative Stores, the Botanical garden and various other institutions were provided for the facility of the students of the University. We have noticed in a previous chapter how the impressions of this University remained strong on Sir Vithaldas' mind so that on his return to India he developed his ideas and donated a princely sum of Rs. 15,00,000 to the Indian Women's University at Poona.

The important position which Sir Vithaldas and his friends occupied in the economic life of India was recognised by the Japanese authorities and Sir Vithaldas was accorded an interview on the 1st May by the Japanese ex-Prime Minister Marquis Okuma, who later on, on May 13th, invited him to a special reception where he met some influential members of the Indo Japanese Association as also Viscount Uchide and the Prime Minister Mr. Hara. It seems to us a little strange that Sir Vithaldas was addressed officially by the Japanese authorities as " Your Excellency "; but this merely indicates how courteous the Japanese authorities were in the treatment of distinguished nationals of friendly countries. Sir Vithaldas joined the Indo-Japanese Association as a member and studied the industrial and commercial organisation of Japan with a view to understand how Indo-Japanese trade relations could be furthered.

China

On his way to Japan Sir Vithaldas had only paid a flying visit to Hong Kong and Shanghai. In order, however, to get a better idea of China, he made a short tour of that ancient land of culture and civilization early in June. From Mukden, the chief city of Manchuria, then a dependency of China, he reached Peking on the 9th. Peking has many places well worth a visit such as the five hundred years' old Temple of Heaven, the Bridge of Heaven built of pure marble, the Lama Temple, the Confucius Temple and the Buddhist Temple. In the last one, it is interesting to note that the idol of Bhagwan Buddha is made from a single log of wood and is 75 ft. high. Besides these, the ancient

paintings and pictures in the Summer Palace and the marble Pagodas also proved very interesting. He then went over to see the famous Chinese Wall built centuries ago as a protection against the marauding invaders from the Mongolian deserts and which to-day marks the boundary between Manchukuo and Jehol areas under Japanese influence and the Chinese Republic. Returning from there on the 13th June, he paid a visit to the famous throne on 99 dragons in the Tartar City Hall, which brings to the Indian mind the idea of God reposing on the folds of the great *Sesha-Nag* under the waters of the Ocean. There also he visited the exhibition known as the Forbidden City and five hundred years' old Winter Palace. Interested as he was in astronomical observations he did not forget to pay a visit to the Peking Observatory. From Peking he went to Nankin, the present capital of the Chinese Republic and to Shanghai. Vithaldas returned from this fortnight's tour back to Kobe where he met some friends from Rajkot. The party reached Yokohama on the 2nd of July and proceeded by the Japanese steamer s. s. Koria Maru to San Francisco. Sir M. Vishweswaraya stayed a little longer in Japan but Sheth Mulraj and Dr. Mangaldas Mehta were still with the party which was joined further by one Dr. Dhargalkar of Bombay.

United States of America

The s. s. Koria Maru was now crossing the wide Pacific Ocean and during the long voyage Vithaldas became familiar with the arrangements on such steamers for the entertainment of the passengers such as the swimming bath, the gymnasium, cinema concerts and the fancy dress ball. On the 17th of July the Koria Maru reached the Hawaiin Archipelago in mid Pacific and reached Honolulu the island of beauty, charm and music. Vithaldas was very much interested in sugar-cane plantations, each one about forty miles in extent, sugar factories, pine apple fields and factories for canning pine apples. San Francisco was reached on the 24th of July. It is interesting to note from

an entry in Lady Premlila's diary how everything used on the s. s. Koria Maru in its trans-Pacific voyage was of Japanese manufacture and how Japanese patriotism preferred to do without things rather than buy them of foreign make. Vithaldas' stay in America extended to about two months. America presented a striking contrast to Japan. Japan though westernized still represented the development of an eastern civilization while America represented the high water-mark of western civilization. The land of the dollars, with its mad rush for accumulation of material wealth, the variety of its products for adding to material comforts, and the organization of resources for the further conquest of nature, offered to him an object lesson on the tremendous progress and development of the Far West. As usual, on disembarkation Sir Vithaldas was surrounded by a group of press representatives who asked all sorts of questions for their papers and his arrival was duly notified in the papers throughout the United States, as also in cinemas where films of the party were shown. The Sikh residents on the Pacific Coast invited the distinguished citizen of their homeland to Stockton to visit the Sikh Temple there. Among the cities and places visited by Sir Vithaldas and his party in America were San Francisco, Lousaine, Chicago, Salt Lake City, Yellow Stone Park, Detroit, the Naigara Falls, New York, Boston, Montreal, Ottawa and Quebec.

Vithaldas found America to be a very expensive country. The daily rent for a suit of rooms in a first class hotel came to about Rs. 200; a guide cost Rs. 15 per hour and on one occasion he had to pay by way of hire for a ten seater car Rs. 1,000. Besides, it was customary to give handsome tips to the waiters and servants in museums and gardens and all places visited in order to secure courteous treatment and attention. At San Francisco, the Palace Museum contained exhibits of the arts and handicrafts of all countries in the world. Besides these, there was an excellent orphanage, a splendid city hall, a concert hall and a school of art, all of which were visited with interest by our tourists. At Lousaine

they visited zoological gardens and then left for Cateyllif Islands in a glass bottomed steamer so that the passengers could have a view of the submarine jungles, ridges, weeds, and fishes. Salt Lake City, the city of the Mormans, was the next one to be visited where they saw a Garden of Liberty and geysers with the water reaching a hundred feet. From thence they visited Yellow Stone Park, which delighted them considerably. Chicago is one of the great cities of the world and they visited it on the 8th August. They saw the museum there. In one of these, an astronomical globe was so contrived that when a person gets into it, the numerous planetary bodies begin to move as in nature, giving a very wonderful reproduction of Nature's movements. From thence they proceeded to Detroit—the city known for the great Ford motor works and from thence *via* Buffallo to the Naigara Falls. Naturally the famous Falls interested the party exceedingly and they even passed under the falls, of course, with precaution. Sir Vithaldas in his diary remarks that the Falls are a grand sight—an enormous quantity of water falling from three hundred feet high, and also remarks that they walked under the Falls wearing rubber dress and still were quite wet. Sir Vithaldas does not seem to have visited the equally grand falls, though not so famous, in his own native land, the Gersoppa Falls. These falls are, if anything more awe inspiring, a larger quantity of water falling from a greater height. The party then proceeded to New York where they secured rooms at the Plaza Hotel. The Central Park, the Museum, the Pleasure Seekers' Palace in Coney Island, the Aquarium, the Statue of Liberty, the Chinese Bazaar, the New York Library, the Old Women's House—all these were visited with considerable interest by the party. Sir Vithaldas discovered that he could get in New York Indian vegetables and other bazaar supplies, so that he entertained his friends Sheth Mulraj and Sir M. Visveswaraya to an Indian dinner in Indian style. The party next proceeded to Canada, where they visited the three great towns of the Eastern provinces, Montreal, Ottawa and Quebec.

Vithaldas desired to stay a little longer in America but his health unfortunately became worse so that on the 18th September the party quitted the American shores by s. s. Aquitania and crossing the Atlantic reached Liverpool on the 25th. Vithaldas' brother-in-law Sheth Narottam Morarji happened to be in England at that time and had naturally made all arrangements for the party in Liverpool, whence they proceeded straight to London. But before even Liverpool was reached Sir Vithaldas had an intestinal hæmorrhage on board the steamer, which was at first ascribed to the use of the pungent red pepper. In London, however, medical examination by experts showed that it was a clear case of intestinal ulcers and hæmorrhage. Sir Vithaldas thought, therefore, of cancelling the rest of the tour and return to his motherland, but friends suggested to him that it was better to place himself under expert medical treatment in London, the like of which would not be possible to have in India. His condition became worse and he was placed under the stomach specialist, Dr. Bolton, who declared that absolute rest in bed for a fortnight was essential and that his condition was critical enough to require very careful nursing. Luckily the London weather changed and this produced very beneficial results so that Sir Vithaldas rapidly improved and he felt himself strong enough to visit his old tutor Mr. MacDonald with whose family he spent a happy day with reminiscences of the past. Later on he appeared before the Babbington Smith Currency Commission in London for his oral examination as a representative of the commercial community of India.

England

Though Sir Vithaldas' condition had improved and he felt much better, it was deemed wise not to tour further and visit the continental countries like France, Germany and Italy, and the party left by s. s. Loyalty for India on the 1st November. The boat belonged to the Scindia Steam Navigation Co, Ltd., of which

Return

Sheth Narottum Morarji was the chairman. All comforts and conveniences were, therefore, provided for Sir Vithaldas, who luckily had the benefit on the boat of the medical advice and assistance of Dr. Jivraj Mehta—one of the leading medical men of Bombay to-day. The Loyalty reached Bombay on the 23rd November, thus bringing the world tour of Sir Vithaldas and his party to a termination.

This tour seems to have left a very strong impression on Vithaldas' mind; he had learned and imbibed a good deal from the Far East and the Far West and it would be no exaggeration to say that on his return he was a much different man from what he was when he left the Indian shores. His patriotism became more intense, his business ability and powers of organisation rose to greater heights and his purse, longer than ever before, was open widely enough for many charitable and philanthropic purposes. The short career of this great man, in the first reformed Parliament of India—the Legislative Assembly, was marked by very good speeches revealing a much deeper tone of patriotism, a riper judgment and a keener desire of seeing India marching with much more rapid strides to the accomplishment of its destiny as a great and respected partner in that great commonwealth of nations, the British Empire.

ER XII

END.

*Public meeting. Memorial.*

the monsoon months from June
a. Being within easy reach of
and having a good climate, safe
of Bombay and from the torren-
, Poona has been the monsoon
ombay, so that it attracts during
he public men of the Presidency.
d a spacious bungalow on the
ı ten years' lease. He had taken
sly to heart and construed it to
self. His mind, therefore, from
towards social problems than
with the industrial and com-
ıtry. His residence in Poona
th great social workers like Mr.
s. Ramabai Ranade. Mr. Deva-
of the Servants of India Society
dan, was also an enthusiastic co-
erested in the cause of the uplift
frequent occasions to meet them
ly interested and influenced him,
s now and then.

what it once used to be when
olved in many activities of a
acter, he managed to attend to
and in considerable detail too.

The great strain of an overcr
telling on him and producing a
rest and repose for the rehabi
mind. The deep undercurrent
nations that had always been
ther strengthened his desire for
shastri, Bapat Shastri, with wh
Gita tells us in his reminiscences
the shed erected on the well s
bungalow exposed as it was to th
gious discourses and philosophic
of building such a shed where
religious studies in comparative
him and he announced to him o
place for a shed, a parnakuti, th
was. While going out for eve
river bank and watching the bea
seems to have been arrested by
Hill on the other bank just oppo
small temple dedicated to Shi
which ornamented its eminence.
das and Lady Premlila to the S
tion about the suitability of the Y
of a small shed for worship an
Collector, Mr. Hudson, also aske
this purpose only. The idea of
residence was apparently an af
idea of a 'parnakuti' which in
for religious meditations and phil
tended became a magnificent pal
chant prince, worthy architectu
undoubtedly he was, a sight in
Garden, a landmark for the city
public-spirited citizen, Sir Vith

rious directions; and the Yeravda
ry for stone and *chunam*, used as a
for the military stationed in the
d all over with the cactus and the
ttle temple, thus ceased to be an
Bund Gardens, who while delight-
the united streams of the Mula-
the monsoon or gliding gracefully
d, also now gazed with admira-
e on the hill opposite.

and America, Sir Vithaldas had
ngs, and was much impressed with
d tea-houses and he conceived the
for himself on his return. His
his travel abroad and he returned
retire from public life, and build
where he could live in retirement,
life free from the turmoils of a
active public life. He decided,
of the Yeravda Hill. Mr. Hudson,
l to give him a part of the area on
s, and the Commissioner, Central
l ultimately in August 1920. The
vas comparatively smooth sailing,
Khambhata, the President of the
ve all facilities, possible under the
Vithaldas for the construction of a

uspicious Dussera day, the found-
The hill side was cleared and
to raise water to the hill top—a
e necessary materials were soon
r bed, *chunam* from Kedgaon,
e pieces of stone from Porbunder,

and the work was commenced
Poona engineer, Mr. R. S. Gokhal

The main building is spread
square feet and the compound, gar
21 acres. Mr. Gokhale explains :-

> "The peculiarity of the design of t
> structed on a rocky bed with quite
> much so that the floor level of th
> while the so-called ground floor leve
> of 25 feet. This difference of leve
> suitable rooms and corridors, and p
> regular somewhere and generally
> filling the difference of 25 feet by
> porch and the ground level the same
> carried out without any extra cuttin
> costly and also without filling altoge
> to make the floor level."

With his characteristic love
all his leisure time in attending
shape and the measurement of
pillars and moved about with ta
and pencil. For this purpose
house gardens, and interior decora
tion conformed to his ideas, so mu
to pull down some parts which the
Simla for the session of the Le
erected in misunderstanding of his
from Simla, he spent the summ
toric fort of Sinhgarh about 15
watched the progress of work at
cope he had set up there. The
for the Parnakuti—the carara Ita
Milton and Shahabad tiles.

The porch leads by a series
semi-circular waiting room, whic

ly flight of steps. The main part of the bunga-
rooms small and big. In the centre there is an
by 16', with an ornamental fountain in the mid-
cred Tulsi plant on a side, surrounded by a 5'
ll sides, which enables every room to have full
and air. There is a fine and spacious terrace and
wer raises its head 40' high from the ground level,
to the picturesque and striking view the whole
ffords from a distance.

dulating ground throughout has led to the different
main building being at different levels so that access
om to the other has been arranged by a flight of steps,
a striking and peculiar feature of this remarkable
The main bedrooms are on the highest floor and open
st to a spacious terrace and overlook the *Shivalaya* on
by a balcony and command a fine view of the Mula-
its bund and the Cantonment and the city beyond. A
er down is an elegant suite of rooms for the mistress of
ision opening out on the west by a fine terrace and on the
a spacious verandah. On the same level facing the east
e the guest rooms and the main drawing and reception
ith a broad verandah in front, further widening out into a
errace over the main portion, while the *puja* rooms face
th and an elegant billiard room the north. The basement
out a dozen rooms, small and big, all very well lighted and
id provides on one side cook rooms, store rooms, lumber
a dining room and a boiler room for supplying hot water
h and toilet to the different suites of rooms, the other wing
ng a suite of rooms for secretaries and clerks. On a lower
o the north side of the main building are situated a series of
gs and sheds, some of which are used as a boarding school
s maintained by Lady Premlila for the last few years,
others provide servants' quarters, garages and stables and
uses. The main building is surrounded by a beautiful garden

ornamented by charming lawns and flower
recesses and a beautiful colonnade. On a lower
is a band stand and a spacious level ground inten
court. The roads leading to the bungalow from
hill about 800 feet long wind their way up the incli
tine fashion and the long compound walls with fin
have been so arranged in an undulating series as
striking appearance to the whole structure when vie
Bund Gardens or from further yet.

The inner arrangements are no less charming.
glaring colouring offends the eye ; the simple chaste
extensive verandahs on all sides, cool marble flooring a
monising with the lovely, stately and imposing pillars a
the soft tones of mellowed light, the long stretches of
almost everywhere,—all these lend such an air of ca
beauty and an indefinable sweet charm, and create such a
cious impression of imposing majesty and grandeur tha
wonder that recalling as it does the marble mausoleums of
Delhi it has become one of the sights and an architectura
of Poona, with the Parvati and the Parnakuti at differe
so that sight-seers, and engineering students often seek pe
for a visit, to see, to learn, to love and to admire. Tl
Parnakuti, a cottage of leaves, suggests at once the ori
humility and the ideals of the builder. Though the i
cottage developed into a palace, it remained a cottage all tl
its calm, silent, chaste grandeur reflecting and harmonisi
the deep humility and religious devotion of the great
designer, so that it stands as a veritable monument enshri
man, who though great never spurned the lowly, who tho
never forgot the poor, and who while rising to giddy h
success never forgot his Maker.

The Parnakuti came greatly into public prominen
when Mahatma Gandhiji, stayed there during his twenty-o
fast for self-purification in connection with his campaign

the curse of untouchability among the Hindus and for the cause of the Harijans (depressed classes) with which he has of late so much identified himself. Government released him from the Yeravda Central Prison where he was detained for political reasons on the 7th May 1933, when he commenced his fast, and he was brought to the Parnakuti, where quiet, rest and comfort so essential for carrying him safely through the ordeal could be secured. While not identifying herself with the Mahatma's political opinions and programme, Lady Premlila holds him in great reverence as a saint and religious teacher as so many millions of her countrymen do and was an admirable hostess of the Mahatma during the fateful days of the fast, when the Marble Palace, as the Parnakuti was called by the pressmen, attracted public attention as it had never done before.

Illness

The opening ceremony of the 'Parnakuti' was performed on the 3rd May 1922. The building was yet incomplete and unfinished but Sir Vithaldas desired to give up his lease of Mangaldas' bungalow on the Bund Garden Road as soon as possible. He went for a change to Mahableshwar on the 5th but the cold there was too much for him, his intestinal troubles causing him much pain and he returned to Poona on the 17th, and on the 1st June he took up his residence at the Parnakuti. He had his morning ride every day but on the 21st June on his return from his constitutional, he experienced great weakness and there was the recurrence of bleeding from his ulcer. He promptly left for Bombay the same evening with Lady Premlila and put himself under expert medical treatment. The night of the 24th was critical but he was a born fighter and he used to say : "I will fight against death." He realised, however, that he was in for a pretty long period of confinement to bed and made up his mind to retire altogether from public life. On the 6th July, he was sending up his resignation from the Legislative Assembly but on the persuasion of several friends who wanted his presence there

in those important days he postponed it for a little while. His health was, however, being undermined and was causing considerable anxiety, and enquiries were pouring in from all round. His Excellency the Governor of Bombay also wired on the 3rd and again on the 7th July about his health. Expert medical treatment and devoted nursing brought about a slight improvement so that he could move out of his bed on the 25th. Strength gradually came back to him and on the 2nd August he could hold meetings of the Board of Directors of several companies in which he was interested, at his own residence—Damodar Bhuvan—on the Warden Road. The same evening, he left Bombay for the Parnakuti for a change. But the weakness returned and he ran back to Bombay on the 7th and consulted his medical advisers. He felt he was improving and decided to go back to Poona.

On the 10th he attended his office in the Fort. Lady Premlila, who was out shopping, called for him and they drove back. He was feeling so much better indeed that he thought of dropping in at the Royal Opera House on the way home but was dissuaded by Lady Premlila, who however dropped him at the Orient Club, where he wished to meet a few friends. While there however, the ulcer burst and Dr. Popat Prabhuram, his family physician, was called up by phone. The doctor came; Lady Premlila came; and he was removed gently in a car to his residence, the Damodar Bhuvan. Col. R. M. Carter and Major Gillroy were sent for and they came to the conclusion that the situation was very grave indeed and that the only possible chance was an immediate intestinal operation for the ulcer. The frantic wife, the devoted brother, the loving uncle, all crowded round and were profoundly agitated to the depths of their being. A few days back, the same day, indeed a few hours back they had the opinion of the medical men that the ulcer would no longer give trouble and that it was healing; and now they could hardly realise that the operation was the only chance and that too a small one—for

Death

saving the life of their dear one. With terrible self-restraint, however, they agreed and forced themselves to wear a cheerful and a reassuring smile. The patient, brave to the end, consented and the operation was performed the same night. The influence of the anæsthetic wore off by noon on the 11th and to loving monosyllabic inquiries as to how he felt, he returned the monosyllabic enigmatic reply, "*Anand*" (joy). To his devoted wife, however he confided the pains and aches and the benumbing weakness he was experiencing and he drove her frantic with grief by giving her minute particulars and instructions about the payment of the doctors' bills, the return of some of the clothes and articles brought on approval the previous day, and such other matters of small moment. The temperature began to rise ; uneasiness increased ; a restless night was passed and the anticipations of a successful operation were perceived to be futile on the morning of the 12th. The family realised that the loved one was passing away ; the patient was conscious to the end, and the end came peacefully at about 11 A. M.

Sir Vithaldas thus died very prematurely at the age of 49. The news was flashed in the city, in the country and abroad. The cloth markets, the mills under the agency of Thackersey Mooljee & Co. and several other concerns closed for the day in honour of their departed leader, and obituary notices appeared in the papers not only Indian but also English, like *The Times*, *The Morning Post*, *The Daily Mail*, *The Daily Telegraph*, *The Westminster Gazette* and *The Glasgow Herald*. The Government of Bombay passed a special resolution acknowledging the great services rendered by him to the cause of co-operation, which has been quoted in an earlier chapter. The Legislative Assembly took note of his death at its sessions held at Simla on the 6th September 1922. "Soon after the President took his seat, he referred to the loss suffered, not only by the Assembly but also the public life of India, in the death of Sir Vithaldas Thackersey. Dr. (now Sir) Hari Singh Gour, Mr. Jamnadas Dwarkadas and Sir Malcolm Hailey also

added their tributes to the memory of the dead. The Finance Member voiced the sense of loss on behalf of the Government of a critic whose presence in the Assembly was of great help to the Government especially on financial matters." *The Times of India* in its editorial on the 14th August referred to him as a man of marked ability in financial, industrial and commercial organisation, credited him with a high sense of public duty and spoke of him as a shrewd and fearless critic of the political administration of the country, always fair minded and completely destitute of rancour, possessing a capacity for a broad view of affairs and never failing to win the respect and attention of friends and opponents alike, whether official or non-official, and thought India could ill spare such a personality in the difficult times through which she was passing. *The Bombay Chronicle* of the same date, remarked that he belonged to a small group of Bombay's wealthy men who had left their mark on the public life of the country. *The Leader* of Allahabad of the 16th referred to his contributions to the Assembly's debates which were always of a high order. In the *Indian Social Reformer* of the 28th, the editor Mr. K. Natrajan wrote :—

> "Always calm and collected, his was one of the most equable temperaments, I have come across. He was a princely host, looking to every detail of the comfort of his guests leaving nothing to the care of servants. I have watched him closely in moments of high success and of great calamity and I can truthfully say that I have not seen another man who bore himself so utterly in the spirit of the Gita precept, not to be exalted by success or depressed by calamity."

Numerous indeed naturally were the messages and letters and resolutions of condolence received by Lady Premlila and his brother Sheth Madhowjee.

In this chorus of regret his friend, Sir M. Visveswaraya, joined whole heartedly and observed :—

> "He was a great industrialist, the inspirer and fountain source of numerous business enterprises, showing the wide range of his interests.

Years ago he financed a local railway in Mysore and advised the State authorities to start the present Bank of Mysore. India has cause to mourn the premature loss of a leader, a distinguished financier, and a discriminating philanthropist who throughout his career showed great originality, resource and courage."

Sir Purshottamdas Thakoredas, the President of the Indian Merchants' Chamber and Bureau, remarked that it would not be easy to adequately fill Sir Vithaldas' place in the public life of India for many years to come. The Bombay Municipal Corporation, the Bhatia Mahajan, the Bombay Millowners' Association, and various other bodies bewailed the death of the great departed citizen. Baron Kanda, Vice-President of the Indo-Japanese Association, in his nice letter to Lady Thackersey referred to him as a great friend of Japan.

Public Meeting

On the 12th September, a public meeting of the citizens of Bombay was held at the Cowasji Jehangir Public Hall over the signatures of the most prominent men of the city like Sir Goculdas Parekh, Sir Fazulbhoy Currimbhoy, Sir Lallubhai Samaldas, Sir Stanley Reed, Mr. Narottam Morarjee, Mr. F. E. Dinshaw, Sir Purshottamdas Thakordas, Mr. Jehangir B. Petit, Sheth Mulraj Khatau, Mr. Otto Rothfeld, Dr. Harold Mann, Mr. G. K. Devadhar and N. M. Joshi to give expression to the sense of loss which they had sustained by the death of Sir Vithaldas and to consider what steps should be taken to preserve his memory.

There were several friends and admirers of Sir Vithaldas who were of opinion that the memorial should include the erection of an equestrian statue in Delhi inasmuch as he lived for all India and the statue would remind the present and future legislators of India of the silent and valuable labours of that patriotic son of India. "In Delhi, the seat of many empires," wrote Mr. K. Subba Rao of Bangalore, "on his favourite horse, Sir Vithaldas D. Thackersey may well stand as a guide for all times to come."

It was however decided that the memorial should be associated with the Co-operative Movement, of which Sir Vithaldas was a pioneer and a highly respected leader.

The gathering was a large and representative one and people of all shades of opinion and belonging to different communities attended. The Hall was filled to its utmost capacity and the platform was occupied by the leading citizens including about two dozen speakers. It was indeed a unique honour, very rarely conferred, for a public meeting of the citizens of a great city like Bombay to be held to honour the memory of a deceased leader and the overcrowding in the largest public hall of the city and the numerous speeches on the day testified to the fact that it was an honour well deserved, for Sir Vithaldas had given of his best, financially and intellectually, to his country during the very short span of life that he lived. Sir Narayan Chandavarkar, the retired Judge of the High Court of Bombay and a great patriot and leader of men himself was voted to the chair. In the course of his eloquent remarks, Sir Narayan stressed the fact that Sir Vithaldas was indeed the first of the commercial and business men of Bombay to enter the public life of the country and though others before him had helped national movements with funds, they could not assist them with their work, direction and guidance nor could they spare the time ; and he remarked :—

> "They lacked the zeal, energy and indefatigable effort which distinguished Sir Vithaldas to the last hour of his life. He worked hard ; he was thorough ; and he never shirked his duty. It might be said that he died in harness in the performance of his duties as a public man and as a practical philanthropist."

In his letter of the 13th September to Lady Premlila, Mr. G. K. Devadhar gives a very instructive commentary on the meeting and states :—

> "It is impossible to give you a correct idea of the genuineness of feeling which characterised last evening's most crowded and representative meeting. The one note that was dominating the feelings of every body that attended was the love and affection which every one felt for Sir

Vithaldas D. Thackersey. There was a kind of seriousness about the whole proceedings and it was remarked by even Dr. Sir Narayan that the whole audience was lifted up and felt that was an occasion on which the usual lightheartedness or joviality which is common to ordinary meetings should be set aside. The attendance, representing all communities was beyond my own expectations and everybody seemed anxious to avail himself of the opportunity that was given to honour the departed great. A few relatives that belonged to his family have gone to Chandod to offer oblations to his dear soul but the whole City of Bombay offered their most warm and loving tribute to the soul of that great and good friend at yesterday's meeting. I wish, I could portray to you the ring of sincerity that marked all speeches which showed in some cases a great depth of feeling. In my opinion the speech of the day was the one made by our friend, Dr. Sir Stanley Reed who spoke with a tone of familiarity and high appreciation of the great qualities of Sir Vithaldas' ruling passion, to do good to suffering humanity in a constructive manner."

Sir Stanley moved the first resolution which was as follows :

"This public meeting expresses its deep sorrow and its sense of great loss at the sudden death, in the prime of life, of Sir Vithaldas D. Thackersey, Kt., who distinguished himself by his eminent and patriotic services in the Bombay Municipal Corporation, in the Bombay Legislative Council, in the Imperial Legislature, who was a great leader of industries and a munificent helper of movements for the elevation of the womanhood of India, and who rendered very valuable services in building up the Co-operative Movement for the economic uplift of the masses in this Presidency."

In the course of his speech, Sir Stanley referred to his close association and intimacy with Sir Vithaldas, stressed his great services to the Co-operative Movement, and speaking also about the one unfortunate episode of his life, that connected with the Indian Specie Bank, remarked :—

"Another man under that rebuff of fortune might have broken down. I know, Sir Vithaldas felt it very acutely but he was never broken down, and in the years which followed, he devoted himself quietly and sedulously to the task of restoring the wreckage of his fortune and so preparing himself for the resumption of his place in public life which

he felt was bound to come and I think it is an extraordinary tribute to his tenacity, to his ability and his public service that when he was cut off in the prime of life, he had not only restored himself to his fortune but had immediately stepped afresh into his position as the leading financial and commercial authority in the counsels of the Government of India."

The key to his success, Sir Stanley further explained, lay in this that he gathered full information on the subject that he had taken in hand and that he was inspired in all that he did, whether in the field of commerce or industry, in the realms of high finance or politics by the ideals of service. Money making, economic development, financial progress, were means to an end, which end was the good of India. Such praise from a man like the talented editor of the *Times of India,* who measured his words carefully, was great praise indeed. The resolution was supported by Mr. K. Natrajan, the writer and Mr. Mavji Govindjee in neat short speeches.

Memorial

The meeting was not merely a condolence meeting but was intended to take constructive steps to raise a suitable memorial to the great and good leader. Good deeds are indeed the best memorial to a hero but a grateful city or country believes in doing something which might recall his deeds and achievements to the future generations. The meeting, therefore, adopted the resolution moved by Mr. Otto Rothfeld, Registrar of Co-operative Societies, Bombay:

"This public meeting resolves that a suitable memorial be raised to commemorate the services of the late Sir Vithaldas D. Thackersey, Kt., and that this object can be best served by co-operating with the Bombay Central Co-operative Institute in collecting funds for the proposed building, the idea and plans for which he had approved just before his death, and that the Institute be requested to associate the name of Sir Vithaldas with the building."

Mr. Rothfeld referred to the Co-operative Movement as one of the most important influences in the world and to the connec-

tion of the movement with Sir Vithaldas who having grasped its significance with his extraordinary gift of imagination, at once proceeded to action when in conjunction with Sir Lallubhai Samaldas he founded the Provincial Co-operative Bank. Mr. Devadhar in seconding the resolution spoke with warmth and eloquence, born of close association and great intimacy. He remarked :—

"In this field of the Co-operative Movement, he not only spent his money but gave the best part of his time, driving power, energy and enthusiasm for public well-being with an insight and imagination, which were all his own. I am thoroughly convinced that he was one of those rare products of nature who are the salt of humanity."

Sir Vithaldas had a great passion, Mr. Devadhar continued, for constructing buildings for public purposes and putting them to the best use. It was he who enabled the Servants of India Society in Girgaum, Bombay, to possess a magnificent building which had now become the great centre for nearly a dozen public activities for the middle class people ; on the Parel side he enabled the Social Service League to construct a building which was fast developing into a centre of activities for the labouring classes ; and the third building project to which he put his hand was for the Bombay Provincial Co-operative Institute. Mr. Devadhar in his letter above referred to tells Lady Thackersey :-

"I have received a number of letters and telegrams from some of which you could gather that the name of your husband was as much revered and loved in the villages as it was known and honoured in big towns."

A committee was then appointed to collect funds for the memorial building ; about Rs. 50,000, were soon collected and the work of the building was taken in hand. The Provincial Co-operative Bank sanctioned a loan of about Rs. 1,50,000, so that the building was completed in 1925, when the opening ceremony was performed by H. E. Sir Leslie Wilson, the Governor of Bombay in the presence of a distinguished gathering. Sir Vithaldas Thackersey Memorial Building of the Provincial Co-operative Building thus became a stately monument to the great pioneer in

the Co-operative Movement and has entered upon a career of great usefulness. The Provincial Institute, the non-official propagandist and educative arm of the Movement, is located there while the official arm there is represented by the Assistant Registrar of Co-operative Societies, who occupies one floor. In the original scheme of things, the financial arm of the movement represented by Sir Vithaldas' child, the Provincial Bank, was to have occupied another floor, so that the whole building would have, like the Holyoak House of Manchester, been a Temple of Co-operation, housing the three great and important institutions of the Co-operative Movement—administrative, financial and directional. The Bank, however, for business reasons did not move to that building which at present houses the Assistant Registrar, and the Institute and for the time being the Bombay Co-operative Insurance Society. The finances of the building are at present in grave disorder, since construction in times of high prices is not compatible with adequate rent receipts in the present times of trade depression and low prices; but co-operators are thinking hard to find out ways and means of tackling this problem and will no doubt solve their difficulties so as to place the finances of the Memorial Building on a satisfactory basis and preserve the Memorial as a source of inspiration to younger generations and as a Temple of Co-operation as it was intended to be.

# Part II

# SPEECHES

*A*

*In the Bombay Legislative Council*

# I

## On the Budget

*21st August 1903*

MR. PRESIDENT,

While congratulating the Honourable Revenue Member upon the lucidity of his Financial Statement, and the ability with which it is prepared, I regret that our financial position is far from satisfactory. For framing the current year's Budget a season of good harvests has been assumed as a basis. Yet in spite of this, our Budget anticipates a deficit of nearly 21 lacs of rupees. During the whole of the period since 1897-98, the first year of the present Provincial Contract, the administration of the Local Government has been carried on only owing to liberal grants from the Government of India. In this we have the clearest evidence of the inadequacy of the present Provincial Contract. While grateful to the Supreme Government for their help, I cannot but think that the better way of dealing with a Provincial Government would be to fix the Provincial Contract so generously as not to embarrass its finances at least in fairly good years like the present one. Your Excellency, although it may be expected on an occasion of this kind that members should confine their remarks to financial statements proper, I have observed that it is the usual practice here for non-official members to give expression to their views with regard to the several branches of the provincial administration. This is my reason, Your Excellency, for now asking to occupy a little of Your Excellency's time with an observation or two on questions affecting the trading community of Bombay and more particularly the mill industry.

Referring to the land revenue, this presidency produces a very large quantity of cotton, the major portion of which is short stapled and mixed. Great credit, however, is due to Government for all that they have been doing for the last half a century to improve the cultivation of long stapled cotton. The history from the year 1865 when Hinganghat seeds were fully introduced in Khandesh by Mr. Lionel Ashburner, C.S.I., afterwards officiating Governor of Bombay, down to the year 1882, when Sir James Fergusson, in compliance with the wishes of Lord Ripon, totally repealed all cotton legislation, shows clearly how much the Bombay Government did in those years to maintain the long stapled cotton. Those who agitated for the repeal of the Cotton Frauds Acts, on the ground that trade would correct itself have proved false prophets. Since the repeal of those Acts in 1882, wholesale adulteration is carried on, not only in cotton, but in *kapas* before it is ginned, producing mixed cotton seeds to the detriment of future cultivation. The present deterioration of cotton is the inevitable result of a *laissez faire* policy. It is a matter of no consequence to dealers who are simply middlemen between the producers and the consumers and whose only anxiety is to make as much profit as possible for themselves. But the interest of the mill industry and the ultimate prosperity of the rayats demand special treatment. Nearly three-fourths of the spinning and weaving mills of India are in the Bombay Presidency. They naturally claim much of our attention, the more so as their unfortunate position has been brought about in a great measure by the effects of currency legislation and the excise duty, causes over which the millowners had no control. To add to its misfortunes, the Bombay spinning industry has to compete with that of Japan, working under full protection, unfettered by any factory legislation, working day and night for 24 hours on 29 days in a month and assisted by their gold currency fixed upon a natural basis. Although we hold our own against them at present, we cannot close our eyes to the probability of being ultimately driven from

the China market. In that eventuality we must fall back upon our internal demand and this is greater than we can cope with for years to come, provided we can manufacture the finer quality required by the country. Weaving of finer cloth requires long stapled cotton. This being so, it becomes of importance to consider what practical measures can be taken to improve the staple. The letter from Mr. Mollison, Inspector-General of Agriculture, addressed last year to the Chamber of Commerce is very promising, showing how much Government is doing in this direction. I visited the Kirkee farms yesterday, and satisfied myself that the experiments carried on there in the cross-fertilization of cotton are very promising. Appreciating fully what is being done there, I would humbly suggest that experimental farms be established in Khandesh where nearly 43 per cent. of the area is under cotton cultivation, and also in the Southern Maratha country, say somewhere near Dharwar, where the soil is suitable for long stapled cotton, as the result obtained in these parts would enable a judgment to be formed on the value of cross-fertilization and whether the seed produced there would be suitable for the soil. These farms should be under a full time officer whose only duty should be the charge of these farms, and to distribute pure seed amongst those cultivating it. Such an officer would find in this abundant occupation for his time. I do not think this is too much to ask in the interest of the consumer and the ultimate prosperity of the producers. The present Assistant Director having to devote his time to cotton on one day, to wheat on another, and again to other agricultural matters cannot be expected to devote sufficient time to the cotton cultivation of this Presidency in which the area under cotton cultivation represents nearly one-third of the cotton area of the whole of India. We only wish that cross-fertilization may result in producing seeds which may combine the qualities of long stapled cotton with strength to withstand the varying seasons. But until success is achieved there is one thing which the Government

might do without any prohibitive cost. The difficulty of cultivators in procuring pure seed is well-known, the natural result of the mischievous practice of mixing *kapas* before it is ginned. It would, therefore, greatly improve matters if Government would be pleased to procure in each district the purest seeds grown there by careful selection from the fields and give the same in exchange, weight for weight, to the cultivators of the same district, who, owing to their great indebtedness, are at the mercy of the *sowcars* and who cannot but sow the seeds received from them whether good or bad. The cost of this operation will be very moderate ; at the same time the best seeds that are suitable for the districts will be sown more and more.

Your Excellency, while I speak about the Mill industry, I may be allowed to say a few words on one other important question which has engaged the attention of Government and the Millowners' Association for some time past. It is with regard to the ventilation of factories. The Millowners' Association has always been willing to assist Government in the solution of this most important, and at the same time most difficult problem, but the peculiar condition of the Indian climate and want of facilities for getting advice from scientific experts, have prevented them from coming to any satisfactory understanding. Even in the United Kingdom, with experts in scientific knowledge, this question is still under the consideration of a Departmental Committee and the Board of Trade. If Government really intend to legislate, it should be after scientific enquiry. This should be considered an imperial, not a local question. A scientific expert with full knowledge of the atmosphere required in the different manufacturing departments must be requisitioned at the cost of the Imperial Government and proper rules be framed applicable to the whole of India.

Now, looking to plague administration, it is matter of common knowledge that the various measures taken during the past seven years have totally failed to eradicate plague from our midst.

During the plague season trade suffers, and it is, therefore, a matter of great concern to the trading communities to know the future policy of the Government with regard to plague measures. It is a matter of surprise that amongst the various measures in the past, no practical steps have been taken to lessen the over-crowding of the worst parts of the City of Bombay. It is now time that the better housing of the poor should be proceeded with without undue delay. For what has been done up till now in that direction? Over-crowding in the City has considerably increased since the plague operations commenced. Many houses have been pulled down, others have been marked "U.H.H." and the wholesale destruction of the houses by the street operations of the Improvement Trust have all contributed considerably to the over-crowding of the City. In short, the work of destruction has been going on at express speed without commensurate construction. This is proved by a rise of 25 per cent. in the rents in the native town, a serious infliction on the poor.

I am speaking on this question from merely a trader's point of view. Government must have been aware of the great scarcity of labour in the docks during the last busy season and in previous years. With three times the amount of ordinary pay, proper men were not to be had. Steamships were delayed in loading and unloading, and merchandise could not be removed to its destination for some days. It is easy to conjecture what an enormous loss the trade suffers by the inconvenience. These labourers, in common with others, are staying in dark unhealthy rooms and consequently are most liable to the attack of plague. A few cases of plague among them frighten them away to their native villages and every year Bombay suffers by shortage of labour. If these labourers be properly housed it would be a great boon to the trade of Bombay. The Improvement Trust are cautiously building a few chawls to provide for a few hundred persons here and there, but to provide better houses for thousands of the poorer classes is no easy work. Only private enterprise can successfully

undertake it. The enquiries I have been making for some time past lead me to think that it is quite practicable to encourage private enterprise in this direction without any loss to Government. Taking the estimates prepared by the Trust as a basis, 50,000 persons might be housed for Rs. 65,00,000, omitting the cost of land. The Trust naturally is reluctant to expend such a large sum on a measure, the proper return for which cannot be guaranteed. If private capitalists are encouraged to build chawls on plans approved by the Improvement Trust by a grant-in-aid policy, hundreds of chawls would be shortly raised and the overcrowding removed. My suggestion is that those capitalists who would undertake to build chawls for the working classes on their own land according to an approved plan, should be given on loan an amount equivalent to half the cost of the chawls at 4 per cent. per annum ; one-half per cent. may be further charged for sinking fund. So the whole amount lent may be recovered within 40 years. If Government, after full inquiry, approve of this scheme, the Bombay Improvement Trust may be empowered by special legislation to take up the scheme earnestly.

The advantages will be :

1. Chawls on approved plans will be provided for the masses within a very short time.
2. There will be practically no pecuniary loss to the Improvement Trust.
3. Over-crowding will be removed.
4. Three times more accommodation could be provided for the same amount.
5. Once better housed, mortality amongst the masses must decrease.
6. It would be easier to control plague.

Considering that the total mortality in Bombay is increasing every year and the total failure of the measures hitherto taken, I hope Government will be pleased to give favourable consideration to these suggestions. While I am on this question, I may

draw the attention of Government to the difficulty the Bombay Municipality experiences in providing quarters on a large scale for their employees. Under the present orders of the Government of India, the Municipality is not authorised to raise loans required for housing their servants for a longer period than 15 years. It means that a sinking fund of nearly 5 per cent. in addition to 4 per cent. interest has to be provided, and it acts as a heavy yearly burden. The Bombay Municipality may shortly approach Government with a request to sanction the raising of a 40 years' loan for the purpose, and I hope, in the interest of Bombay, the Bombay Government will strongly support this application, because, every person accommodated in Municipal Chawls will reduce overcrowding in other localities.

Your Excellency, the last matter to which I refer is the inconvenience, and sometimes loss, to the trade, caused by the delay on the Railway Line in bringing goods to Bombay. Goods lie for days and weeks at roadside stations before the G. I. P. Railway is able to bring them. I believe that the Chamber of Commerce must have already drawn the attention of Government to this, and I hope my friend, the Hon'ble representative of the Chamber of Commerce, will deal with this matter effectually. As a business man, it seems to me that these difficulties will recur annually, and to the great discredit of the Indian Railway system until two remedies are applied—the doubling of the line from Khandwa to Jubbulpore and the immediate increase in the terminal facilities of Bombay, seeing that in the busy season loaded trains are kept hanging about on the line outside, because the goods termini are so crowded that they could not be dealt with even if they were brought in. I fear, Your Excellency, that I have been somewhat prolix in my remarks and may have trespassed on your good nature and that of the other members of the Council. I am grateful for the indulgence accorded to me.

## II

## On the Budget

*31st August 1904.*

YOUR EXCELLENCY,

After what has fallen from the Honourable the Revenue Member about the prospects of this season it is hardly necessary to discuss the several items in the Budget which is now no true guide to the financial position of the current year. However we have all heard with a feeling of relief that should the disaster which we fear so much, and which we pray may still be averted, overtake us, Government is fully prepared to meet it. From the year 1901 to the end of the current financial year, to meet our annual deficit and extraordinary charges, we shall have drawn upon the Government of India for over two and a quarter crores of rupees. A highly unenviable position, but one which we hope to have satisfactorily altered in the coming term of provincial settlement, without which there might be a tendency to evade responsibility and scarcely any inducement to exercise strict economy. Your Excellency, the discussion on the Budget is the only occasion during the year for non-official members to give expression to their views with regard to the several branches of provincial administration and to draw the attention of Government to the grievances of the classes whom they represent. At the time of the last Budget, referring to the land-revenue and the cultivation of cotton, I ventured to throw out several suggestions with regard to the desirability of devoting special attention to the cultivation of long stapled cotton and its general improvement. Since then it has given me pleasure to find that Government have moved expedi-

tiously in the matter and that they have opened experimental farms in Dharwar and in Khandesh. This is a step in the right direction as the results of cross-fertilization obtained in these places which are important cotton growing districts, will be a valuable guide for the future.

The question of cultivating long stapled cotton has always been of considerable importance. But in recent years the enormous increase in the demand for the raw material and the speculative movements in the governing market have, as Your Excellency knows, made this a question of the gravest consequence to the cotton industry. While all these experiments are in themselves highly satisfactory, years must elapse before sufficient scientific knowledge has been gained to produce profitable fruit. In the meantime, Your Excellency, would it not be wise to consider the advisability of Government's securing by selection the best seeds in each district and selling them or giving them in exchange, weight for weight, to the cultivators who must otherwise be unable to secure good seeds ? I am so sanguine of the success of this plan that I strongly urge Government to try it in the next season in at least one cotton district.

Your Excellency will pardon me, I hope, for referring shortly to another important matter affecting the commercial interests of this Presidency. Commercial interests and the interests of Government are identical. So far as the government is concerned we are grateful for the very sympathetic consideration that we are continually receiving. Speaking for the Millowners' Association I am pleased to be able to say that we have rarely approached Government without receiving that consideration, sympathy and even indulgence to which an Association representing a total capital outlay nearly 15 crores is fairly entitled. The cause is not far to seek. The policy of the Association is never to approach Government with any complaint or grievance without excellent reasons, and only on the more important points. Matters of less importance are discussed with

the officer in immediate charge of the administration, and here I venture to make a suggestion for the consideration of Government with a strong belief that if it be carried out much waste of time, great inconvenience and even unpleasantness may be avoided. Several questions arise between the Collector and the Millowners' Association with regard to the administration of the Factory Act and the Boiler Inspection Act,—questions which a man of technical experience in the line could settle with little trouble. It would not be fair to blame an officer who works conscientiously but who errs occasionally for want of technical knowledge. During recent years differences of opinion have arisen upon such questions as:—(1) the proposed inspection of economizers ; (9) the sealing of one of the safety valves of boilers ; (3) the employment of an extra engineer on night duty, and the like. These are questions upon which doubt need not have existed and yet valuable time has been lost in discussing them.

It is not only in the administration of the Factory Act, but with regard to customs also that something should be done to have a continuity of policy and that questions affecting our industry or our trade should not be made a shuttlecock to be thrown backwards and forwards at every change of officers, changes which are by no means few. The Bombay Chamber of Commerce also in its ably worded and argumentative representation to Government had shown the inconvenience to trade by this lack of continuity calling attention to the fact that during the twelve years ending 1901-02 there have been twenty-two changes in the office of the Collector of Customs and fourteen different gentlemen have held that appointment. In the administration of industry and trade, continuity of policy is as essential as in political government. Under the present Civil Service Rules, however, where promotions, furloughs and other considerations are paramount, such continuity of policy is nearly impossible ; any measures that might secure this continuity of policy would benefit government and the mercantile community equally. Might I venture to propose the

creation of an Advisory Committee to which government officers, representatives of the Chamber of Commerce, of the Millowners' Association and of other important trading organizations, may be nominated? Their duties would be to advise on all commercial questions. Even in the United Kingdom, where commercial interests are so well guarded and where the Board of Trade, though a department of government, has on its roll men of business and experience, it has been thought necessary to attach to it an advisory committee composed of the representatives of various government departments and of the Chambers of Commerce who meet in private once a month and hold office for a period of five years. If this has been found to be of advantage in a country where the administration is conducted under constitutional self-government, how much more is it necessary in this country where commercial communities have so little to do with direct administration.

While I am referring to the Mill industry, I may be permitted to draw the attention of Government to an important matter that has arisen quite recently. Government, on receiving complaints about the fraudulent practice of short reeling yarn, began to consider the desirability of strictly enforcing the provisions of the Merchandise Marks Act. The Government of India in their letter requesting the Millowners' Association to appoint their representative to the Committee which they nominated to frame rules for the guidance of Factory Inspectors said: "The Government of India have decided that measures should be taken to stop the practice of short reeling yarn which is intended for sale in India and with this end in view they consider that prosecution should be instituted against persons who intentionally manufacture short reeled yarn for sale in India." Nothing can be clearer than this and no one can take the slightest exception to the reasonableness of the statement, but what did the Committee do? It entirely misapprehended the real object of Government as pointed out in the letter to which I refer. In spite of the objections of the

representative of the Millowners' Association a majority report was sent in without assigning any reasons for ignoring the contentions of the only member of the Committee who knew about the conditions of spinning and reeling in India. All along the different recommendations of the majority point to making the sale of Indian yarn exceedingly difficult and to creating a feeling of insecurity in the minds of honest manufacturers. I will mention only one instance to satisfy Government that further consideration is necessary before finally adopting the report of the majority. In one of the recommendations the Committee make it penal to sell any yarn finer by more than quarter of a count, which means that if a manufacturer by over-anxiety on his part to follow the sections of the law, even unintentionally gives an average count of 10½'s instead of 10's and thus 5 per cent extra length of yarn to the purchaser who would be able to weave a greater quantity of cloth to that extent, he can be charged with fraud. A curious case of fraud indeed! Would any British or Indian Court of Law ever convict of fraud anyone who unintentionally gives to the buyer an article superior to what he bargains for, dearer than he pays for, greater in weight than he is charged for, an article which costs the seller more to manufacture ? Such a proceeding would logically mean that a person delivering a piece of 22-carat gold when he is getting money for only 18-carat gold, should be committed for fraud. Yet to this the recommendation of the Committee leads. If Government will be pleased to favourably consider the proposals made by the representative of the Millowners' Association in his minute of dissent, I feel certain they will be able to place on the statute book a law which while exposing dishonest and fraudulent persons to punishment will give assurance of perfect safety to honest manufacturers.

Your Excellency, yet another matter I may shortly refer to. It is of more consequence than at first sight appears. The new form of lease for Mahableshwar properties contains conditions which are totally one-sided. I do not question the right of Govern-

ment to dictate terms ; but these terms should be such as not to materially alter the understanding on which the leases were first granted except in so much as the market value of the land has increased. Common fairness demands that there should be no violent change in the terms of the lease except the reservation by Government of the right to charge rent according to the market value of the land. But if Government determine to enforce the new form of lease, they should at least omit paragraph "O" of section 2 of the new form in which it is laid down that "during the term of the lease, on being given at least three months' previous notice in writing by the Collector that the said premises are required for the occupation of a civil or military officer or officers of government during the next hot weather season, that is the period from the 1st day of March to the 15th day of June next ensuing, the lessee must sub-let the said premises and give possession thereof to such officer or officers as may be specified by the Collector for the period aforesaid at such rent as may be agreed upon, or (failing agreement) at such rent as may be determined either before or after the commencement of the tenancy by the unanimous decision, or the majority of the votes of a committee, which shall consist of (*a*) the Superintendent of Mahableshwar for the time being ; (*b*) a person nominated by the Collector ; and (*c*) a person nominated by the said lessee, and which shall meet at such place as may be appointed by the said Superintendent ....." This is a condition which practically amounts to a total subversion of the rights of the property owners, and this they most keenly feel and do not hesitate to express. One can understand Government's reserving to themselves the right of pre-occupation for their officers at a fair rental, when the premises are not required by the owner for his own use. It passes the bounds of justice, however, to prevent an owner from occupying his own premises. It is probable that this point may have escaped the notice of the framers of the new form of lease, and that its consequences may not have been seriously considered. Mahablesh-

war is a health resort to many who have bought or built and furnished for themselves comfortable residences. These abodes are to them what country seats are to the noblemen of Great Britain. What would be the feelings of these noblemen to find their houses taken possession of by Government when they themselves desire to use them ? They can be more easily imagined than expressed. I know cases in which owners have spent between thirty and fifty thousand rupees or even more to secure for themselves conveniences and comfort without the least calculation of the capital return. The fear of spoiling their house and furniture, caste prejudices and the love for their family house prevent many owners from letting their houses even when they themselves are unable to use them. And why this condition at all ? So far as has been made known no necessity has arisen to make Government insist upon the retention of this clause in the new lease. On the contrary during recent years several plots have been newly leased for building purposes which might have been well utilized by Government for building houses for their officers. I trust that Government will yet seriously reconsider all the terms of the new lease, but if not at least agree to the removal of paragraph "O".

Your Excellency, last year I placed before the Council a scheme for housing the poor of Bombay by the joint action of the Improvement Trust and private capitalists. Since then much public discussion has taken place which has more than ever convinced me of the feasibility of my scheme and converted many to my views. A sufficient number of gentlemen have joined to make a good beginning and are only awaiting the necessary amendments in the Improvement Trust Act. Even the Trust itself is moving in much the same direction and has requested Government for powers to enable it to lend money to large employers of labour for chawls for their workmen. No doubt Government must have favourably considered the proposals and although I quite understand that legislative machinery can be moved only slowly, I

trust that no unnecessary delay may take place in passing the promised amendments.

The last matter to which I draw Your Excellency's attention is the great inconvenience caused to the public of Bombay by the delay in the construction of the overbridges long since projected and I believe finally decided upon. The matter does seem to be unduly protracted and a little government pressure might expedite matters.

In conclusion, Your Excellency, I may take advantage of this opportunity to sincerely thank Your Excellency's Government for the markedly sympathetic manner in which it has promised co-operation and help to the Bombay Industrial and Agricultural Exhibition about to be held in December next.

## III

## On the Budget

*8th July 1905.*

MR. PRESIDENT,

I join in congratulating Government on the prosperous condition of the finances of this Presidency as now laid before us. You, Sir, have, with your usual care and ability, shown us with perfect clearness the favourable nature of the new Provincial Settlement. You have informed us that the expectation of obtaining a larger share of growing revenues has been realised and that the Presidency will now profit twice as much as before by the growth of the two very important branches of income, Land Revenue and Excise. You further hope, that out of the revenue expected to accrue under the terms of the settlement, Government will be able to make provision for rapid improvements both in the details of administration and in matters more directly calculated to promote the welfare of the people. It must be a matter of congratulation to you, Sir, that on the eve of your retirement you leave the finances of the Presidency in such a satisfactory position. The two most salient features of the new settlement are its quasi-permanent character and the minimum guarantee of the provincial share under the heading "Land Revenue". This will certainly, in ordinary circumstances, give us a fairly standard revenue, a condition which is indispensable in a sound and responsible administration.

Mr. President, the satisfaction which we enjoy in our favourable finances is very largely increased when we see how well the extra revenue is proposed to be utilised.

The provision of a further sum of rupees five lakhs this year for primary education is a satisfactory advance in that direction, and the grants of rupees seven lakhs for aid to District Local Boards will be a welcome relief to them in their present position. The amount of Rs. 2,88,000 set apart for the proposed Museum in Bombay when taken together with the resolution recently passed at the Executive Committee of H. R. H. the Prince of Wales' Reception Committee gives us hope that after all Bombay will not have to wait very long before getting the much needed Museum.

The increased provision of Rs. 66,000 in the Budget for Agricultural Experiments and Education in addition to Rs. 44,000 for buildings at the farms is particularly welcome, and no less welcome is the increase in the number of experimental farms during the last year. The success so far gained in this direction gives great hope for the future. For instance, the growing of cotton from Egyptian seeds in Sind has been very successful. The climate of Sind being similar to that of Egypt with large perennial canals, makes that part of the Presidency admirably suitable for growing Egyptian cotton. Those who took the trouble to minutely examine the samples of this Sind-grown cotton at the Bombay Exhibition, must have been struck with the length and silkiness of its fibre. Any impetus given to the cultivation of this seed will benefit not only the zamindars there, but also the cotton industry generally. I find from the Annual Report of the Department of Agriculture, 1903-04, that with satisfactory introduction of the Egyptian cotton, it is confidently anticipated that two lakhs of bales of this cotton may be annually made available in the near future. Now, Mr. President, only those who have knowledge of the Indian cotton industry can appreciate what this means. It will revolutionize the whole cotton industry by enabling us to manufacture finer yarn and cloth for which the Indian demand is enormous. It will be said that Europe would out-bid us for the cotton, but who would doubt the capability of a country growing

its own cotton and having a home-consuming market, to hold its own against any outside competition ? I understand the area sown this year by zamindars is about 2,000 acres. I think Government will be doing a great deal in the solution of that large problem of securing long-staple cotton in India, if they encourage this crop by giving special facilities and concessions. You, Sir, in one of your speeches struck the right chord when you said that what was most needed was men specially trained to undertake experiments and to educate cultivators in the advantages of improved cultivation ; without a large number of such men progress must necessarily be slow. Mr. President, now is the time to take action. Our finances are in a sound state, but even apart from that, the Government of India has set apart rupees twenty lakhs for agricultural improvements and education for the different presidencies. The ultimate aim which the Government of India has set before itself in this matter is the establishment of an experimental farm in each large tract of the country, supplemented by numerous small demonstration farms, the creation of an Agricultural College teaching up to a three years' course in each of the larger provinces, and the provision of an expert staff in connection with these colleges for the purposes of research as well as education. So far as the experimental and demonstration farms are concerned, we have already made a very good beginning ; and we should now make it our endeavour to fully carry out the second part of that programme, namely, the establishment of the college and the provision of an expert staff. The urgent necessity of a first class Agricultural College established in a central and convenient position such as Poona for training the class of persons referred to by you not only for the ordinary duties of supervising, but also for the higher province of experiment and research cannot be denied. I hope that for such an object it will not be difficult to secure a fair share from the rupees twenty lakhs set apart by the Government of India. Before concluding this subject I would like to take the liberty of suggesting

the desirability of holding annual exhibitions of agricultural produce and implements in different districts on as large a scale as was done at the Bombay Industrial and Agricultural Exhibition. Mr. President, the interest with which hundreds of cultivators attended the lectures and demonstrations at that Exhibition are fully known to Government. You, Sir, attended on several occasions to judge what interest was taken by the agriculturists and must have been fully satisfied. The cost of holding such exhibitions will not, I submit, be at all heavy, as the materials for holding such exhibitions are generally at hand in Government farms.

Last year I referred at some length to the objections the property owners of Mahableshwar had to the new form of lease. It is now over a year and the matter is still as it stood then. Only one lease has been taken on the new terms, and if I may be permitted to say it, the house-owners are naturally in a state of unrest about their position. All these years, properties have been bought and sold on the clear assumption that the leases were renewable on the same terms. However, all that could be urged has been urged both here and outside, and I think it is but fair to them that Government should sympathetically reconsider the terms of lease, but if not, at least Government should omit clause O under which even the house-owner may be prevented from occupying his own house. You, Sir, on the last occasion assured the Council that any owner who wished to occupy his own home needed not to fear being turned out; well, Mr. President, if this statement is to be taken as a clear declaration of Government as to their intentions with regard to these new leases, is it too much to request Government to specify this in the leases itself? Even under the Cantonments (House Accommodation) Act, 1902, an Act which was passed specially to make better provision for securing house accommodation for military officers in cantonments, an admitted urgent necessity, it is provided under Section 11 that no notice shall be issued under section 6, *i. e.*, to exercise the right

of occupation for military officers, if the house is occupied by the owner. If the right of the owner to occupy his own house is thus protected even by the Government of India, is it unfair if we ask the same protection where the case is certainly less urgent?

I will now refer to that branch of education which most concerns the mercantile community. I mean "Commercial Education". What is the present position? In 1902, two subjects, Elementary Book-keeping and Elementary Correspondence, were introduced as voluntary subjects in the School Final Examination. Government supervise annually the London Chamber of Commerce Examinations. There is a Commercial College established by the Byramji Jeejeebhoy Charitable Institution, where none but Parsees are admitted, and there are other two or three private classes to prepare young men for the London Chamber of Commerce Examination. That is the sum total of what is being done for commercial education at present in Bombay. There is not a single well organised institution where young men of all classes can get themselves trained in an organised commercial course and under proper supervision. Mr. President, is it not a matter of surprise that this Presidency, the commercial and industrial activities of which make other presidencies envious and which make the City of Bombay proud of its position in the whole of the world, bearing as it does the motto *Urbs Prima in Indis*, commanding most of the import and export trade of Western India amounting to 132 crores of rupees, excluding the enormous home trade which it is impossible to gauge even approximately, possessing one of the largest industries that India can boast of, I mean the cotton mills,—is it not, Sir, a matter of surprise that such a Presidency should have remained till now in such a position? I do not think it is at all necessary for me to dilate at any length in this Council upon the necessity of commercial education. It is enough to mention that all civilized countries have recognised the importance of this education. For instance, Germany alone with a population of 5,63,45,000 has 429

institutions for imparting secondary and higher commercial education. To say that Government has not appreciated the necessity of such an education is very far from being accurate. Referring to the records we find that from the year 1883 when Lord Ripon's Education Commission made its report down to the present year we see everywhere signs of sympathetic consideration of the question.

In 1883, the Government of India endorsing the recommendation of the Education Commission said: "every variety of study should be encouraged which served to direct the attention of native youth to industrial and commercial pursuits." Soon after that the Madras Government established commercial schools in 1886 and extended them to different towns in the Presidency, with fair success. This year the Bengal Government has set apart Rs. 29,000 for commercial classes in the Presidency College, Calcutta, and has also instituted a local examination in commerce on an organised basis. In Bombay the Honourable Mr. Giles in his Annual Reports has been every year referring to this question from the year 1900-1901 in a thoroughly sympathetic manner. He has expressed his conviction that it would soon be found that men who had been specially trained in commerce were better clerks, managers and merchants than men who had no special training, and that the development of that form of education would be rapid and would have the support and encouragement of all who desired the commercial prosperity not only of the Bombay Presidency, but of all India. Our late Governor, Lord Northcote, took a keen interest in the subject and more than once gave expression to his views on commercial education during his term of office in this Presidency. In his speech from the Chancellor's chair at the Bombay University Convocation of 1901, His Excellency said: "Accumulated wealth, prestige, habits and custom operate powerfully at home to maintain England's commercial supremacy; nevertheless, unless her men of business set their houses in order in good time, she will find it difficult to

maintain her pre-eminent position in the commercial world. Here in India you have not that accumulated wealth or established position, although as I have said elsewhere, you have some great possibilities and advantages in the commercial struggle. But to hold the place you may aspire to, *commerce should be as thoroughly taught and honoured as study as any other of those branches of learning which an Indian University delights to honour.* I only mention the matter as an evidence of the kind of education to which our highest authorities are now devoting their attention, and to which their material support is likely to be given, because *I wish this University*, as the highest educational authority in the Bombay Presidency, *not to be backward in recognising the growing practical importance of these branches of learning.*"

On another occasion Lord Northcote while giving assurance of his real and sincere interest in commercial education and of his doing everything that lay in his power to promote and foster its development, said: "I am perfectly confident that any assistance which we, I and my colleagues in the Bombay Government, may be able to give to commercial education will be more than repaid within a very short time by the material benefit the Presidency will derive from increased commercial knowledge. At present the finances of the Bombay Government are in an unsatisfactory condition, but I sincerely trust that a better time is in store for us, and I may say this for myself and on behalf of my colleagues, that one of the objects we have most closely at heart is, when the finances permit, the promotion and fostering of sound technical and commercial education."

The facts which I have stated clearly show that Government are keenly alive to the necessity of furthering sound commercial education and if definite steps have not been taken up to the present time, it must be attributed to the want of funds, as clearly expressed by His Excellency Lord Northcote in the name of Government. With our present prosperous condition, I earnestly submit, for the consideration of the Bombay Government,

whether the time has not arrived for making liberal provision for commercial education in Bombay. The first need is the establishment of a well equipped commercial college and secondly revision of the curriculum for pupils of secondary schools aspiring to a commercial career. These two steps supplemented by liberal special grants-in-aid as in Madras to private institutions which start commercial schools, would meet the demand at least for the present. The institution of examinations for students attending commercial schools and colleges would follow as a matter of course. It matters very little to commercial men whether such examinations are held by Government and certificates given or by the University and diplomas awarded. All we desire is that easy patent means should be at the disposal of trained men to satisfy employers as to their qualifications. I earnestly trust Government will at an early date meet this long-felt want and thus lay the mercantile community under heavy obligation.

Mr. President, this is the last Council meeting that you will be with us and I take this opportunity of saying before you retire from this Council how highly we appreciate the very great and valuable services that you have rendered during the last five years to this Council, this Presidency and its people. Specially would I like to refer to the great obligation under which you have placed the mercantile community by the very careful and considerate manner in which you have dealt with all commercial questions that have arisen during your time. Your zeal in agricultural improvements and education is well-known. The success of the agricultural section of the Bombay Exhibition and indeed of the whole Exhibition is in no small degree attributable to your personal interest in them. We wish you long life and happiness to enjoy that rest which you have so well earned.

## IV

## On the Budget

*18th August 1906*

YOUR EXCELLENCY,

I join in congratulating Your Excellency's Government and the Presidency on the present satisfactory seasonal prospects. In the larger portion of our Presidency the outlook cannot be more hopeful. This favourable circumstance, together with the fact that last year the famine expenditure was only Rs. 2½ lacs against the budgetted amount of over 16½ lacs and that in the current year it is expected that only 12 out of the 42 lacs provided for famine expenditure is likely to be spent, has fortunately averted the fear of once again having to lament over a deficit budget. These savings are largely contributed by the failure of famine-stricken people to resort to Government relief works in as large numbers as in previous years, though the scarcity in the affected districts is said to have been as acute as in 1896-97.

My Honourable Friend, the Revenue Member, adduces the following as the most probable reasons:—"The satisfactory harvests in Khandesh, the Berar and part of the Nizam's Dominions which provided plenty of employment for the numerous emigrants who proceeded thither; the demand for employment, principally by the Mills in Bombay; the heavy diminution, especially in the Karnatak and the Satara Districts, of our own labouring population, which especially felt the ravages of plague; the relief afforded by the timely grant of suspensions of revenue and liberal advances of tagai; and the admirable patience, endurance and self-reliance of the people themselves."

The reasons are so important, not only from the point of view of famine relief, but also from that of the general economic condition of the country that they may well be more minutely examined and approximate certainty secured. If on such examination they are definitely ascertained to be the real causes, it would be a matter of gratification to know that during such hard times the people were able to maintain themselves with but comparatively little assistance from Government, although the reduction of population owing to the terrible ravages of plague and famine is greatly to be deplored.

So far as the increased demand for labour in Bombay Mills is concerned, there was no substantial increase in the number of hands employed; while in other branches of ordinary labour the extraordinarily high rate of wages that prevailed during the busy season does not seem to show that there was any very great influx of labourers, although it must be admitted that the large works for the new docks, Tramway conversion and extensive building operations must have created more than the usual demand for labour. I agree that the timely grant of suspensions and tagai advances, no doubt must have helped many people to tide over the difficulty. That the satisfactory harvests in Khandesh, the Berars and the Nizam's Dominions gave employment to some of the famine-stricken people is a reasonable assumption. It hardly seems to be probable that in the course of the last two or three years the population had developed any extraordinary degree of self-reliance. I may also mention, for what it is worth, a report that the rate of wages at some of the relief works was too low to attract the people. And, perhaps, my honourable friend, Mr. Muir Mackenzie, will throw some light on the point.

While on this subject, I may be allowed to refer to the uncertainty to which the present system of apportioning famine expenditure exposes our finances. It was merely from unforeseen circumstances that our financial position this year has been saved from being seriously crippled, and that we have not been driven to

resort to various undesirable economies in order merely to maintain the statutory balance of 20 lacs, after providing for famine relief. The concluding remarks in the Financial Statement, however, lead us to hope that this disturbing factor in our finances will be removed at an early date. As this matter has been reopened, I hope Your Excellency's Government will be able to obtain from the Government of India a settlement of this question of famine relief once for all in a manner which may not disorganize our administration in future years.

HIS EXELLENCY THE PRESIDENT :—

I must call the Honourable Member to order. It is not permissible for the Honourable Member to discuss the question of the actions of the Government of India with regard to famine relief.

THE HONOURABLE MR. VITHALDAS THACKERSEY :—

As your Excellency has said this matter must not be referred to I will omit the whole reference.

Coming to the expenditure on agricultural experiments and education, it is gratifying to find that the Government of India have given this year a sum of 32 lacs against 3 lacs last year. I am sure that the interest that my friend the Honourable Mr. Muir Mackenzie takes in agriculture will induce him to provide larger funds from the provincial revenue than has been done this year. I see that the amount budgetted this year is Rs. 1,80,045 against Rs. 1,48,000 last year, but this increase is nominal, because it includes merely the savings of last year of about Rs. 30,000 carried forward to this year. Any amount judiciously spent in this direction will indirectly repay itself many times over. It is not a kind of expenditure which can at once show concrete results. But still even within the last few years tangible results of great importance have accrued. The successful growing of Indo-Egyptian cotton in Sind is the most striking. Where is the comparison between the magnitude of this success and the comparatively trivial expenditure of the past few years on agricultural

experiments ? Who could have believed even three years ago that India can grow cotton worth 10*d.* per lb.? Apart from increased revenue to Government and greater profit to agriculturists, this success must sooner or later revolutionise the whole cotton industry of India and make India to a large extent self-supporting as regards finer qualities of yarn and cloth. This brings me to the question of the manner in which the whole Indo-Egyptian cotton crop was allowed to be bundled up and exported last year.

I may be permitted to repeat here the remarks I made at the last annual meeting of the Millowners' Association. "Apart from the monetary consideration, it is a matter for regret that none of that cotton found its way into the open market of Bombay. If it had been sold here, many permanent advantages, both to the cultivators and to our industry must have been gained. Only about a thousand bales were produced last year, and the cultivation spread over a very scattered area. The facilities of transit were limited and all other circumstances were such that realization to the cultivators was below what it ought to have been if offered in the central market. Those who were on the spot had the advantage, as it was not worth while for the consumers on this side to send out a Special Cotton Selector for such a small quantity. The result has been that owing to the cotton not having been largely tested in the Indian Mills, neither the cotton merchants nor the manufacturers have any very clear idea as to its real worth. Apart from the loss to the industry, I do not think that this position is to the interest of the cultivators, who failed to get the benefit of the central market. I quite appreciate the principle on which the government departments act in not interfering at all with the selling of the produce but this was an exceptional case ; for, by years of labour and heavy expenditure they succeeded in producing an article which will be a boon to the country and also to the cultivators; and it would not have been unreasonable for them in this exceptional case to bring down through their own

agency the result of their labour to a central market like Bombay in order to give to the manufacturers full opportunity of testing the value of the material and thereby making them permanent competitors in the producing area." Since I made these remarks the letter from the Cotton Growers' Association has been published with the Government Resolution thereon. It is satisfactory to note that Government had not agreed to the preposterous proposition of the Association to send out the whole production to England to be sold there through the Association. I hope this year Government will devise some means by which the cultivators may get the full value of their produce in open competition. One way in which Government can permanently help cultivators and cotton purchasers, I think, would be to improve, at an early date the communication by a railway line in that district; and until this is done, I am afraid, not only will the cultivators be at a disadvantage in selling their crops, but it will take longer to bring all the cultivable land under cotton.

Your Excellency, I now refer to a question which is of the greatest importance to the large cotton industry of this Presidency, and which has recently attracted a good deal of interest; I mean the question of the hours of labour at the factories. In the heat of discussion, exaggerated statements have been made on both sides. In one quarter, our millhands have been compared to slaves, while in another it has, with a great deal of truth, been maintained that they are the happiest class of labourers, earning higher wages, and therefore able to live better than any other class of labourers. I am glad to say that the Bombay Millowners' Association, of which I have at present the honour to be the Chairman, has done its best to limit the hours of work at mills to thirteen. A large number of millowners have an open mind on this question, and would not oppose any reasonable proposals that will remove legitimate causes of complaint; but, on the other hand, they have very good grounds for believing that unless they are on the alert, restrictions of the most unreasonable kind

may be imposed under pressure from our Lancashire friends.

It is well-known that, at the instance of Government, inquiries are being made into the matter. The deputation which waited upon the Secretary of State for India and the questions addressed to him on several occasions in Parliament show that the well-known philanthropists of Lancashire, to whom the Indian Cotton Industry already owes so much, are again active. The proof of their selfishness can be seen in the speech of Mr. Keir Hardie at the Indian Budget discussion, in which he said that the manufacturer in India had the advantage over the manufacturer in Great Britain of lower wages. It was wrong that he should also have the advantage of long hours. It is a greater wrong still, he might have said, that the Indian manufacturer had cotton growing at his door. It is a pity too that he omitted to mention that it was adding insult to injury when officers of the type of Sir James Monteath and the Honourable Mr. Muir Mackenzie were appointed Revenue Members, whose keen personal interest in the improvement of cotton cultivation in this Presidency has led to the successful growing of Indo-Egyptian Cotton worth 10d. per lb., which may in the near future enable the Bombay Millowners to successfully compete with Manchester goods. In any case, it is clear that as on previous occasions, the agitation in England is inspired more by self-interest than by sincere concern for the well-being of Indian millhands.

The Bombay Millowners' Association have the fullest confidence that Your Excellency's Government will treat this question with absolute impartiality and protect our interests and those of the work people against designs from our friends on the other side. The Secretary of State said on a recent occasion that he was expecting to receive shortly the reports on the hours and conditions of labour in Indian Factories and the recommendations of the Local Government and of the Government of India as to the defects of the existing law and the measures necessary to effect the desired improvements. He further said that he intended to

lose no time in dealing with this important question. The question is of such serious importance, and there are so many phases to it, that we hope that the reports and recommendations which are expected by the Secretary of State will not be based on the haphazard statements of irresponsible critics, nor on any reports privately obtained from officers, unprejudiced and sympathetic as some of them are known to be. Owing to want of technical knowledge and experience in the actual working of factories, it would be hardly right to blame them if the conclusions do not happen to coincide with the views of those who can speak with authority on the subject. All that we desire is fair treatment; and I earnestly appeal to Your Excellency to institute a public enquiry into the whole question. Such an enquiry should include the taking of evidence as to the conditions of mill labour, their effect on the health of the operatives, the amount of wages they earn as compared with others, the number of hands employed for the same amount of work in India and in England, the time they spend away from their machines during the working hours, and other circumstances which concern our long hours' day side by side with the working hours of a Lancashire mill. It should also comprise the important question of child labour in regard to which there is a consensus of opinion among the majority of millowners that a modification of the existing law is desirable in the interests of the physical and general development of the children who are destined to be the future adult labourers in our mills. If such an enquiry be held, I can assure Government that our Association will do all that it can to facilitate the work of the Commissioners. My object in bringing this matter before Government at the present time is that before any decision is arrived at by the Secretary of State he should be placed in possession of all the facts and that he may not under pressure formulate his opinion on the basis of reports, which we have had no opportunity of considering. It may be said that we shall have an opportunity when a Draft Bill is framed, but I humbly submit that our experience of

the past has been that when the sanction of the Secretary of State has been obtained to proposals, even if that sanction is given on official reports, it is uphill work to get Government to make any substantial modifications. With these observations, I know, I can safely leave the matter in the hands of Your Excellency's Government.

The last matter that I may be allowed to refer to is the question of medical relief for the City of Bombay. My friend, the Honourable Sir Pherozeshah Mehta, in one of his speeches in this Council, went into the history of the apportionment of police and medical expenditure between the Municipal Corporation and Government with a fulness of knowledge and authority to which I can lay no claim. The question has been hanging fire for several years past, and the present position is that Government are not willing to increase the much needed expenditure on medical relief in the City of Bombay, while the Corporation, though willing, do not consider themselves justified in incurring expenditure on an object the responsibility of which lies on the Government of Bombay.

The need for increased medical relief was forcibly brought to my notice when, as a Member of the Committee to enquire into the requirements of the Goculdas Tejpal Hospital, I found from the evidence of the Chief Medical Officer in charge that, apart from the minor requirements to complete the equipment of the present hospital, there is a great necessity for substantially extending the accommodation. One is grieved to hear from such an authority that every day a number of patients seeking relief have to be refused admission and what is worse, that often patients in the convalescent stage have to be discharged to make room for others whose cases require urgent attention. Again, in connection with a more effective scheme for the registration of births and deaths, the Health Officer suggested the establishment of free medical dispensaries in various parts of the City. These dispensaries are also necessary for an efficient organization of the Health Department and a systematic co-ordination of sanitary measures.

But the Corporation is greatly handicapped in dealing with the matter so long as the present position continues although a few dispensaries have been opened as pleague measures. The net result is that on the one hand the Corporation has to pay for the maintenance of the police over which it has no control, a charge which is foreign to the character of its constitution and which it considers simply as a burden and a serious grievance. On the other hand, it is relieved of the responsibility of medical relief, a responsibility which is more in accord with its general functions. I am quite sure that by an equitable re-arrangement, if medical relief be transferred to the Municipality, it will increase in response to the needs of the City, partly owing to the exigencies of better sanitary administration, partly owing to a general desire of the Corporation to provide such relief, and to a great extent by the pressure of the rate-payers on their representatives. A combination of these factors will surely give a much desired medical relief to the population at a considerably larger expenditure than the Government are prepared to undertake. An additional reason may be found in the fact that a number of offers from charitable persons for the institution and maintenance of free dispensaries which, until now, have had to be rejected, may be availed of for the benefit of the inhabitants of the City. The suggestion of the subscribers to the Sir Currimbhoy's Fund to devote a lac of rupees to the establishment of a hospital for mill-hands had to be dropped as it was felt that the Corporation could not contribute to its maintenance. These are, therefore, strong reasons for transferring the charge of medical relief in the City to the Municipality and of the Police to Government, and Your Excellency's administration will be conferring a great boon on the City if it take the subject speedily and sympathetically in hand. The question of relief for the City of Bombay is one in which my friend Sir Pherozeshah Mehta takes a personal and keen interest and I am very sorry to say he is not here to-day. He could speak on the subject with an authority to which I cannot lay claim.

## V

## On the Budget

*22nd June 1907.*

YOUR EXCELLENCY,

My opening words on the able and interesting Financial Statement presented to us to-day by the Honourable Mr. Muir Mackenzie are words of cordial congratulation. Not only has he a record closing balance of over a crore of rupees to show, but he is able, through the fair-mindedness of the Imperial Government, to count in future years on not being reduced to the dire straits to which a single failure of rains had hitherto brought us. The Honourable Mr. Muir Mackenzie has described the new arrangement with the Government of India fully in his statement. The Government of India recognise, as we have all along claimed that they should, that the cost of famine relief is not merely a provincial but also an imperial concern. Hitherto the guiding principle in this matter has been that not until the resources of the Provincial Government were exhausted did the Government of India step in to bear the cost of famine relief, with the result that as soon as the rains showed signs of failure, whole or partial, Provincial Governments had to cut down expenditure on all directions and provide themselves with the money to provide help to the famine-stricken. In the hurry of the moment, of course, there is no time to make exact estimates. The great end is to provide as large a sum as possible for possible contingencies in famine relief and the set-back to the province is generally more than what the actual needs of the situation require. It happened like this in this presidency last year, and though Government hastened, as soon as

they discovered that famine expenditure fell far short of the estimate, to give back large amounts to the several departments that had come under the retrenchment process, it was not possible to make up for lost time. When the estimates prove to be fully necessary of course the provincial finances are crippled. The new arrangement with the Government of India saves us from these risks of interruption and insolvency. The Honourable Mr. Muir Mackenzie has summed the net result of that arrangement on our financial position, as being that we shall be able to stand a pretty severe famine without reducing our ordinary expenditure to any serious extent, if at all. This is extremely satisfactory, and it is permissible to hope that with such a steady basis the future financial condition of the province will be one of progressive development. The Government of India is also entitled to our gratitude for undertaking to recoup the direct famine charges borne by the provincial finances during the last two years.

Your Excellency, the Government of India have been just, even generous, to us, but, I am afraid, we have not done full justice to ourselves. We are accustomed so often to be told that improvements have to be postponed for want of funds that it is a refreshing variation to be told that, though we had the funds, we could not carry out the improvements owing to some other cause. This has become such a feature of our financial administration of late years that the Government of India decline to pass our budgetted expenditure though we have the money to pay for it. In the words of the Honourable the Revenue Member, they tell us: "You have the money to spend but it is unlikely that you will be able to spend it. You have never succeeded in spending up to the present so much as you propose." The Honourable Member has explained to us that in police, education and certain other heads, we have not been able to spend up to our estimates, principally because it has been impossible to get through the schemes of re-organization on which the expenditure had to be incurred. He implies that the delay has been chiefly due to the Secretary of State whose sanction has

to be obtained for all new appointments carrying above a certain salary, and suggests that it may be avoided if Local Governments had a freer hand. The subject of decentralization is shortly to be considered by a strong committee which will no doubt consider whether this particular form of the principle is expedient or inexpedient. In this connection I am glad to see from the Budget estimates that provision is made for increased house-rent allowance to constables of the Bombay City Police, and for the exemption of those drawing pay not exceeding Rs. 20 per mensem from the deduction of half-an-anna in the rupee hitherto made from their pay on account of superannuation charges. The readiness of Government to redress the legitimate grievances of this very hard-worked and deserving class of public servants will be received with gratification by the Bombay public. This is a measure which does not lie within the limits of those which require the sanction of the Secretary of State and I think that, in all measures of re-organization, it will be wise to carry out such parts of them as are within the competence of the Local Government out of the available funds, while preparing or awaiting the sanction of the Secretary of State for the revision of the pay or addition to the number of superior appointments.

Coming to the Budget estimates of the year, I have read with much satisfaction the remarks regarding the prospects of a barrage across the Indus, with canals to be served by it on either bank. They are said to be highly encouraging, and the expectation is held out of an immense extension of perennial irrigation in Sind. From the point of view of the cotton mill industry, this is an announcement of momentous interest, as it holds out the hope of a practically indefinite expansion of the cultivation of the superior staple cotton now successfully introduced in Sind, the cultivation of which is limited to areas of perennial irrigation. The trade has viewed with pleasure the excellent arrangements made by Government notwithstanding the over-cautious remarks of the Honourable Mr. Muir Mackenzie last year, for the market-

ing of the Indo-Egyptian cotton in Sind, which enabled the cultivators to secure nearly double the price they got in the previous year ; and I am glad to see from the provision of Rs. 5,000 in the present Budget that the arrangement is to be continued. The additional grant of Rs. 1,80,000 from provincial resources to the amount allotted for experimental cultivation, will be welcomed by industrialists. This, together with the portion of the special grant of the Government of India allotted to it, raises the annual amount fixed under this head at the settlement to Rs. 4,57,000, or over four times of the amount in the Budget of 1904-05. Provision is made for a large development of agricultural education in the presidency, and the larger grant made towards experimental cultivation, is bound to be fruitful of excellent results if it is utilized, as I have no doubt it will be, in close connection with the system of agricultural education. No part of the Budget will bring more practical benefits to the population, than the allotments made towards agricultural experiments and education, and the Honourable Mr. Muir Mackenzie's persistent efforts in this direction will be more and more appreciated as time goes on, because the results of such expenditure are of slow growth only though of permanent and substantial benefit to the people.

Your Excellency, the position of Indian labour is beginning to attract considerable attention in and out of the country and the condition of the labourer is becoming the subject of the real or professed interest of different classes of people. The physique and general efficiency of the labourer depend on the strength and intelligence of the population from which he is drawn. The spread of sanitary ideas and the extension of primary education among the masses are, therefore, of the closest interest to those engaged in industrial and commercial pursuits. The experiment inaugurated in the Budget of encouraging local bodies by means of grants-in-aid to the prosecution of sanitary works, is full of promise, and though the amount provided for it, one lakh of rupees, is exceedingly small when compared with the number and needs of our

local bodies, the declaration that the policy is to provide regularly for a substantial measure of assistance in this shape, will be received with satisfaction. These grants are intended principally for municipal bodies. But there is even greater need for affording such encouragement to rural boards. The Secretary of State's statement in reply to an interpellation addressed to him recently that it is proposed to employ a larger number of Indians in the sanitary department, with a view to express sanitary ideas among the people, indicates the right course to be pursued in the matter, and I need not remind Government that in Bombay we have no lack of qualified candidates, who can be of the greatest assistance to Government in giving effect to a scheme of that kind.

The grant for education has been considerably augmented and stands for the current year at 52 lakhs as against the revised estimate of 45½ lakhs last year, and the actual 43¼ of lakhs in 1905-06. The amount should really have been 53 lakhs, but a lump deduction of a lakh had been made for probable saving from the provincial allotment, under the orders, I see from the detailed estimates, of the Government of India who seem to have a rooted impression that we are always biting more than we can swallow. The Honourable Mr. Muir Mackenzie has given us more than one glimpse of the hand of the Government of India operating in the preparation of our Budget, and he has, with characteristic candour, admitted that we are open to the criticism of overestimating our expenditure. I earnestly trust that the full amount of the educational grant will be worked up to during the current year. I note with special interest the item of 2 lakhs for primary school buildings in Bombay City, which we owe principally to the interest of the Honourable Mr. Fulton, and one lakh and sixty-seven thousand rupees for technical and industrial education. The total grant, including part of the unspent balance last year, comes to Rs. 1,86,000. Last year, Your Excellency, provision was made of Rs. 1,67,000 for this purpose, but only Rs. 50,000 were spent. The expenditure last year was entirely confined to grants made

to several institutions such as the Victoria Jubilee Technical Institute and the J. J. School of Art, the Ranchhodlal Chhotalal Technical Institute at Ahmedabad, the College of Science Workshops at Poona, the American Mission Weaving School at Ahmednagar, the Industrial Schools at Surat, Nadiad and Ratnagiri and the Sirdar's High School at Belgaum. I do not think that the Government intend to spend the whole allotment this year in grants-in-aid, but I have not been able to find any details for the estimated expenditure of nearly two lakhs on industrial and technical education. Your Excellency, we have two objects to keep in view, in the development of industrial education for which the grant is made. We have first to diffuse an improved knowledge of their own trades and handicrafts among the people. For this purpose a wide organisation is required which will first ascertain the methods in vogue and then seek and suggest means of introducing easily practicable improvements on them. It is unnecessary to point out the importance of an Industrial Survey for such a purpose, and the fact that the Government of Madras and the United Provinces have appointed already responsible officers to make such inquiries in their provinces, should encourage us to move forward in the same direction. If every artisan who earns eight annas a day is enabled to earn ten annas, the total gain to the community will be considerable. I would here put in a word for commercial education, for which Government may do more than it does, and which is the technical education appropriate to the large trading class in India. The second object to keep in view is the encouragement of research in those departments of science which have or are likely to have a practical bearing on industrial subjects. Government is doing much, especially in the department of agriculture, in this direction. This object requires for its due prosecution a central Technological Institution which Government alone can provide. I throw out these ideas not by way of criticism, but by way of suggestion. In our present financial position we may well follow a policy of steady development of industrial

and technical education, and whatever expenditure is incurred in this direction will be amply repaid by the enhanced material prosperity and contentment of the people.

## VI

## On the Budget

*25th June 1908*

YOUR EXCELLENCY,

My first words on the financial statement that has been so ably placed before us by the Honourable Mr. Muir Mackenzie must be words of cordial congratulation. Notwithstanding an unfavourable season involving a considerable loss of crops in the Presidency proper as well as in Sind, the revenue member is able to give us an account of the financial administration, which is extraordinarily satisfactory. This to a large extent is due to the soundness and liberality of the principles of the current provincial settlement introduced last year. But I note with greater interest the statement that the very small degree in which the failure of the crops last year affected our finances, was due to improvements in the economic condition of the Presidency. On page 5, I find it stated that the main cause of the trifling expenditure required (on direct famine relief) is undoubtedly the high rate of wages now prevalent, and the keen demand for employment in relation to the number of labouring population. Wages are everywhere extraordinarily high and the demand for labour in Bombay, Ahmedabad and other centres seems to be well maintained in spite of the depression, which we all hope may be temporary, in the yarn industry. I am sure the millowners of this Presidency will keenly appreciate this sympathetic recognition, on behalf of Your Excellency's Government, of the important share borne by their industry in maintaining the economic equipoise in times of large crop failure and they confidently trust that the weight of the Gov-

ernment of Bombay will be thrown on the side of moderation and sympathy in the formulation as well as in the administration of any modifications that may be made in the Factory Act.

Your Excellency's Government has given fresh and unmistakable proof of an earnest desire to increase the scope of the non-official members of the Council in the financial administration, by declaring itself " ready and anxious to receive suggestions and criticisms particularly relating to the provisions on the expenditure side of the Budget". Such suggestions and criticisms have hitherto been offered in the pious hope that they may be taken note of in framing the Budget for the succeeding year. Your Excellency's Government now hold out the promise of giving immediate effect to suggestions by amending the Budget either by reappropriation from one head to another or by obtaining the sanction of the Government of India to defray any increased expenditure out of the cash balances. The public will take this concession on the part of Your Excellency's Government as an indication of its views on the larger questions of political and administrative reforms which are now awaiting decision at the hands of the Secretary of State. As things stand at present, however, the non-official members can only avail themselves of it in cases where they have, in some capacity or other, taken a personal part in the framing of projects. Otherwise they have no means of knowing that schemes are ripe for action and what their urgency may be from the public point of view. This defect can be removed only by providing an opportunity for consulting with non-official members when the Budget is being prepared, and I was glad to hear from the Honourable Mr. Muir Mackenzie, that such an opportunity will be accorded to the additional members of Your Excellency's Council in future years. Such a procedure will be greatly facilitated if the eminently reasonable opinion expressed by Your Excellency's Government that with regard to the several grants which we owe to the liberality of the Government of India the Local Government should be given some latitude in

respect of their disposal, receives the favourable consideration of His Excellency the Viceroy and his colleagues.

Your Excellency, the feature of this Budget, which is most striking, is the judicious choice that has been made of the objects for special expenditure in the Budget. The abolition of tolls at 50 toll-bars in the Presidency is sure to prove extremely beneficial to the poor, and I welcome the desire of Government to extend the policy as circumstances permit. Education in all its stages, sanitation and the lower grades of the administration, which are most in contact with the people,—all have claimed the attention of Government and these are objects every rupee spent on which will directly add to the prosperity and contentment of His Majesty's subjects in this Presidency.

There is only one more point on which I should like to say a few words. I have read with great interest the suggestive paragraph in the financial statement dealing with the interesting experiment in the financing of the cultivation of sugarcane in the area under the Nira Canal. I have not the least doubt that the experiment will prove a decided success and that ultimately it will be possible to induce some banking agency to take up the business with every prospect of earning a good dividend.

I have been considering the subject for some time and from what I have read of Agricultural Banking in other countries, I find that three conditions are necessary to the success of such an enterprise. Firstly, cheap money, which can only be got through the co-operation of the State; secondly, assured crops not liable to wholesale loss from seasonal conditions; and thirdly, the extension of the system of co-operative credit societies. The first is easy of realisation if Government seriously take up the subject. The second condition can only be realised in a country like India by extending irrigation works.

In this connection, I cordially support the suggestion of Your Excellency's Government that instead of having to wait on the surplus of each year to provide funds for our irrigation

projects, the Government of India should devise some scheme whereby the full amount that can be spent can be made readily available. With regard to the third condition it is gratifying to note that the Registrar of Co-operative Societies has been able to show satisfactory progress in this Presidency. I have taken some interest in our societies and I think that their usefulness can be very greatly increased if a Central Bank is established to help them. I may mention here that I have drawn up a scheme, under which state aid can be given to such a bank without the slightest risk of loss. I have not been able to bring forward the matter before Government uptil now owing to my absence from Bombay, and I am encouraged by the remarks contained in the financial statement to hope that when the scheme comes before Your Excellency's Government it will receive sympathetic consideration.

I see it stated that there has been a complaint that by the experiment which Government had undertaken in regard to the financing of a small portion of sugarcane cultivation under the Nira Canal, Government was interfering with private enterprise. Those who made the complaint could not be aware of what is being done in such progressive countries as Germany and Japan by way of starting or subsidising Agricultural Banks. Private enterprise alone can never solve the problem of organising agricultural credit on a sound and stable basis. I am glad to note that reference is made to the Agricultural Bank of Egypt, which everybody knows, could never have been started without substantial help from the State. If even in a country like Germany where co-operative methods have been applied with great success to almost every branch of industrial and commercial activity, state help was needed to start and maintain such institutions, the need for it in India must be and is ten times greater. I trust that when the time comes to start a Central Agricultural Bank in Bombay, Your Excellency's Government will not be deterred by academic objections from lending its strong moral and material support which alone can make the concern successful.

## *B*

## *In the Imperial Legislative Council*

I

## On Enhanced Duty on Silver

*4th March 1910.*

*At a meeting of the Imperial Legislative Council held at Calcutta on the 4th March 1910, the Honourable Sir Guy Fleetwood Wilson moved that the Bill to amend the Indian Tariff Act be taken into consideration. The Honourable Sir Sassoon David proposed that sub-clause (ii) of clause 3 of the Bill, as amended by the Select Committee, and item No. 6 in schedule III appended to the said Bill, be omitted. This related to the enhanced duty on silver. The Honourable Sir Vithaldas D. Thackersey supported the amendment.*

Your Lordship will permit me to explain to the Council how the duty on silver stands altogether on a different footing from other duties. It is much more than a duty levied upon a commodity. In the first place, silver is not only a commodity but it is the basis of currency in the Far East. Anything that affects the value of silver, therefore, affects the exchange between India and China. The duty thus affects the commercial relations between the two countries, and is, therefore, a more important matter than a tax on tobacco or alcohol. I cannot think that this aspect of the duty was sufficiently considered by Government when they resolved on this proposal. Why, my Lord, it is tantamount to giving a bounty to the manufacturers of China at the expense of the Indian manufacturers. I really think that if the object of Government was to give such assistance to the Chinese manufacturers, they could not have hit upon a better plan. This question of the trade relations of the two countries, my Lord, is a complex one, and those only who are intimately connected with the trade can fully understand it in all its bearings. I will, there-

fore, with Your Lordship's permission endeavour to explain briefly to the Council how the proposed duty is likely to affect our yarn trade with China. The new duty amounts to nearly 17 per cent as against the five per cent *ad valorem* levied under the old Act. It is evident, my Lord, that such a heavy duty must reduce the quantity of silver consumed in India. It is unnecessary for me to insist upon this point, because Government themselves admit that only six crores worth of silver will be imported next year against 11 crores in the current year. This enormous decrease in the Indian consumption must lower the price of silver in London. Now, my Lord, we all know that the currency of China is founded on a silver basis. The Indian exporters to China receive the price for their goods in silver which has to be converted afterwards into gold standard rupees. We export between 5 to 6 lakhs bales of yarn every year to China, and the value of this yarn is about ten crores of rupees. The duty now imposed will greatly reduce the number of rupees which the Indian spinner will get for his yarn owing to the depreciation of silver. The Chinese manufacturers on the other hand will benefit to that extent as their manufacturing charges will not be appreciably affected. And in this unequal competition our export trade to that country will be adversely affected.

My Lord, this would have been a great calamity at any time. At present, when owing to the high price of cotton which is 50 per cent. higher than normal and the loss of general confidence in the industry owing to the big failures of last year, the Bombay cotton mills are passing through a very gloomy period, and when prospects are very dull, the effect of this additional duty is bound to be absolutely ruinous. It may prove to be the last straw on the camel's back.

The Indian industry has to contend with unequal competition. Take, for instance, Japanese cotton mills. They are nursed by their Government as a mother nurses a favourite child. Japan has given a protected home market to her cotton mills, thus

enabling them to dump down their surplus products in China markets at less than cost price, without any loss to their shareholders. Japanese manufacturers are also helped by loans of cheap money in times of depression and also by a special ridiculously low rate of freight for cotton from India to Japan through subsidized steamship companies. So far as China is concerned, our currency policy of 1893 has proved a blessing to her and the proposed silver duty will still further strengthen her position against the Indian exporter. I hope my Lord, I have made myself sufficiently clear that the effect of the four annas duty will be highly injurious to an important Indian industry, and I earnestly hope that Government will see their way to drop the proposal as a means of raising revenue.

*N. B.—The Council divided and the motion was negatived, 18 members voting 'for' and 39 'against.'*

II

## On the Budget

*29th March 1910*

My Lord,

The Honourable the Finance Member explained in his Budget Statement the circumstances that compelled him to levy additional taxation. He told us that notwithstanding the highly favourable prospects with which the year opens, he could not expect a surplus without the help of additional taxation, because of the reduction in our exports of opium to China and the abandonment to Eastern Bengal and Assam of a larger share of the land revenue, than it has hitherto retained. My Lord, it has already been urged in this Council that the revenue from opium has been greatly underestimated; and this criticism has been amply justified by the further extraordinary rise in the price of opium during the last few weeks. The larger receipts from opium and the increase that may be expected in the receipts from railways owing to the excellent crop and the consequent heavy traffic, would be in my opinion amply sufficient to carry through next year without any extra taxation. My honourable friend, Mr. Gokhale, pointed out the other day that it was extremely unusual for Government to levy additional taxation in a normal year. It is, therefore, a matter of regret that the Honourable the Finance Member has not seen his way to make his arrangements without resort to additional taxation even after the practically unanimous opposition of the non-official members. Assuming the official estimate to be correct, it strikes me nevertheless that the decrease in the opium revenue cannot be given as the cause of the additional taxation. The

policy of reducing our opium exports is three years old, and at the time of its inception our late Finance Member, His Honour Sir Edward Baker, explained that Government would be able to meet the loss on that account from the normal growth of revenue. As a matter of fact, My Lord, the opium revenue during these three years has belied the estimates. In 1907–08, the receipts exceeded the estimates by £371,800; in 1908–09 by £ 1,041,300; and in the current year again we have had an excess of £ 1,000,000 over the estimates. That is to say, in the three years, opium has given us about $2\frac{1}{2}$ million pounds more than it was estimated to yield. Probably it may give us another million next year or it may not. In any case, it seems to me that the reasons for saddling opium with the responsibility of the additional taxation in the Budget are not very cogent.

My Lord, in this connection I request Government to tell the Council in distinct terms what their future policy in regard to opium is going to be. The three years during which China was to have the opportunity of proving her ability to prosecute her anti-opium policy have expired. The Finance Member told the Council last year that the question of the curtailment of the cultivation and production of opium in China was under enquiry by the International Commission at Shanghai. He devoted a paragraph to the conclusions of the Commission in the Financial Statement this year, but I have looked in vain through it for a definite statement as to whether China has carried out her part of the agreement to the satisfaction of Government. Of course, the announcement of a programme of reduction for another three years carries with it the inference that Government are satisfied with the progress made by China; but I think the Council would like to have a clear statement especially in view of a recent interpellation in the House of Commons.

My Lord, I now come to the increased grant for Eastern Bengal and Assam. If the grant proposed was due to exceptional

causes and was non-recurring, there would be no great objection to it. But this is not the case. The new Province is to be created with a much larger share of its land revenue than has hitherto been found sufficient and to meet the deficiency caused thereby in the Imperial Revenue the whole country is taxed. My Lord, when the people of other provinces are sought to be burdened with extra taxation on account of the Partition of Bengal, it must be admitted that they have a good cause for complaint. If it is the intention of the Government not to modify the partition so as to make the new Province self-supporting, I am afraid they have not adopted the best method of convincing the country of the wisdom of the existing arrangement. The justice of finding money for the administration of Eastern Bengal by taxing an important industry in the Bombay Presidency is far from obvious to those who have to bear the larger share of the burden.

My Lord, from what I have said above, it follows that the taxes are not rightly attributed either to opium or Eastern Bengal. They are really due to the extra expenditure under Interest, Posts and Telegraphs, Salaries and Expenses of Civil Departments, Ordinary Civil Works and Military Services that have been budgetted for in the coming year. I do not doubt, my Lord, that all this increase is necessary and that if they are taken item by item the departments concerned can easily show that everyone of the items of increase is absolutely necessary for the efficiency of administration. But at the same time we must all recognise that India is a poor country, and that any increase in the cost of administration should, therefore, be well within the normal growth of revenue. I beg, my Lord, to associate myself with the observations of the Honourable the Finance Member that he viewed with great anxiety the steady growth of our expenditure. The secret of good Government is economical Government. Economy in administration leads to the contentment and prosperity of the people and to the stability of Government. I earnestly hope that the Government of India will seriously consider and realise the

danger of allowing expenditure to grow as it has been growing of late years.

My Lord, I beg the indulgence of the Council for a few observations which I desire to make with reference to part of the Financial Statement relating to Provincial Finance. The Honourable the Finance Member I think rather rebuked the Provincial Governments for their extravagance. The Government of India, he said, were driven to the conclusion that the Provinces in the aggregate were steadily over-spending their income by about half a million a year. I think, my Lord, the Honourable the Finance Member was particularly hard on Bombay where, he said, our cash balances were being somewhat rapidly diminished, and he warned us that care would have to be exercised to prevent the scale of recurring expenditure from settling into permanent excess over the normal revenues. He observed :

"It will be the duty, disagreeable and unpopular, but inevitable, of the Local Governments to overhaul their expenditure and to adapt it to their normal resources."

He concluded this important portion of his statement with some noteworthy remarks :

"I can hold out no hope of any general revision of these arrangements (provincial settlements). They were made before I came to India, with scrupulous care, and were intended to foster provincial independence, economy and foresight. Nor do I see any near prospect of our being able to undertake a further share of the recurring expenditure of Local Governments. Our own necessities will not improbably force systematic retrenchment upon us, which will affect Provincial and Imperial services alike ; and in the meantime local governments can best co-operate with us, and thus mitigate future difficulties, by examining the causes of the insidious growth of expenditure, and sharply checking them."

My Lord, speaking at the last meeting of the Bombay Legislative Council, the Revenue Member, the Honourable Sir John Muir Mackenzie, gave expression to some very weighty remarks which I think states the case from the point of view of Provincial

Governments with great force and clearness. While Sir John thought that there was no reason to fear that the Bombay Government in any way exceeded the bounds of prudence, he pointed out that the growth of expenditure has been very rapid and that even with a continuance of normal seasons the Provincial Government could not expect to increase their expenditure at the same rate as they had been doing during the last few years; he said—

> "On the other hand, the urgent demands for expenditure will not cease. There is practically no limit to them. To mention a few of our immediate needs, we urgently require funds to improve the pay and organisation of our subordinate establishments in both the revenue and judicial departments. There is heavy expenditure still required to bring our Police up to a full level of efficiency. Large sums are required for education. The demands even for primary education which come first are far from being satisfied. Expenditure ought to be increased still more in the medical, agricultural and veterinary departments. All departments are clamouring for their share of the grant for public works which ought not, if we can help it, to be curtailed."

He went on to suggest that the only alternative to the retardation of the progress of the province by the undue curtailment of expenditure was the investment of the provincial council with the requisite power to impose taxation required to meet the needs of the province.

My Lord, I am unable to detect in the words of the Honourable the Finance Member any confirmation of the earnest hope with which Sir John Muir Mackenzie looked forward to the widening of the financial powers of the Provincial Councils. The prospect of Provincial Governments having abruptly to lay aside their plans of development is not a pleasing one. The largest proportion of provincial expenditure, indeed, I may say the whole of provincial expenditure, is devoted to the immediate wants and requirements of the community. As such, it may be said to be entirely productive expenditure which, though it is not less important, is less direct in the benefits that it confers on the people.

Any curtailment of provincial expenditure will therefore re-act more rapidly on the well-being, and, consequently on the peace and contentment of the people than a similar reduction in Imperial expenditure. My Lord, I think there is greater room for some reduction in the Imperial expenditure which amounts to over 75 crores than a further restriction of the provincial expenditure which amounts to only 37 crores for all the provinces combined.

My Lord, the Honourable the Finance Member opened his very lucid and interesting financial statement last month, with an account of the procedure to be adopted for the discussion of the financial proposals of Government. He pointed out that ample opportunity would be afforded for a genuine scrutiny of the estimates by the Council and for a criticism which was based on precise facts; he added,

> "We believe, that the result would be helpful to the Government and will foster the growth of an informed public opinion upon the vital problems of our public finance."

My Lord, I am sorry to say that the experience of the debates on the present financial proposals of Government has not tended to confirm these generous hopes. Weighty and well considered proposals were brought forward with the object of amending the Government proposals and were argued before the Council by members having the advantage of possessing first hand information of the subjects on which they spoke. I venture to think that their arguments made considerable impression on not only the non-official but also the official members of the Council, but all the same their resolutions one and all were rejected by the Government. I need hardly point out to Government that this has produced a feeling of great disappointment in the country.

I fully recognise that it is not altogether in the hands of Government to modify the proposals in response to the criticisms that may be passed on them in this Council; and I am also sure that the Government of India will give the fullest consideration to such criticism in their proposals in subsequent years. But,

my. Lord, it is not always possible to put off the mischief that may be done by any measure for twelve months, and it is, therefore, most desirable that the Government of India should be given some larger degree of freedom in regard to the measures they bring forward before the Council.

My Lord, we all admit that the financial requirements of Government should be provided from the resources of the country. We do not want them to be borne by Great Britain. We are prepared to bear our burdens and, my Lord, all that we ask is that the country should be allowed greater freedom in choosing the methods of raising revenue. I am unable to see, my Lord, how it will be injurious to the interests of Government if this Council is allowed a more real share as regards what articles shall be taxed and what duties shall be raised. Indeed I believe that not only will not Government interests suffer in any way, but on the other hand their prestige and popularity will be greatly enhanced and the recent reforms will have the stamp of greater reality if, instead of seeming to dictate to the people what taxes they shall pay, they showed greater consideration to the wishes of the people as to the way in which taxation should be distributed. My Lord, I need not remind the Council that there is an impression abroad that in deciding the most important questions of economic and financial policy, the Government of India are obliged to be guided by political exigencies. It cannot be denied that the excise duty on Indian made piece-goods, which is without parallel in any country in the world, was levied and is continued to satisfy the Lancashire manufacturers. Even as regards the taxation of the ensuing year, it is generally believed that if the Government of India had a freer hand, they would have preferred the raising of the general tariff or a duty on sugar, which would have been less objectionable instead of levying the proposed enhanced duties in the teeth of practically unanimous opposition of the non-official members of this Council and the public generally. Again, it is, generally believed that the proposed factory legislation to restrict

the working hours of the adult male, in spite of the recommendations of the Factory Commission to the contrary, is not solely due to a consideration of the interests of Indian labourers. The country must recognise and is deeply grateful for the strenuous stand the Government of India have often made against any measures which they consider either unpopular or to the detriment of Indian industries. My Lord, I can think of no more effective way of dissipating these and similar impressions, which are injurious to the prestige of the people, than to take the public more fully into confidence and to show greater regard to their wishes and their preferences. My Lord, the discontent that is likely to prove really serious is not the discontent of the political theorists but the discontent which arises from ill-devised taxation. The bulk of the people are not affected by theoretical considerations as to what is or what is not the best form of Government, so long as they feel that their material interests are not liable to be sacrificed at the instance of outside influences without regard to their interests and feelings. My Lord, I appeal to your Lordship and to Lord Morley to crown your great work for India by removing this serious cause of irritation, and by ensuring, for the opinions and sentiments of the Indian people, adequate and effectual voice in the management of their finances.

My Lord, as this will probably be the last occasion of Your Excellency's presence at the principal session of this Council, I may be permitted to express the general feeling of regret at the early prospect of Your Lordship's completing your term of Indian Viceroyalty. My Lord, it is the greatest tribute to the high sense of justice and statesmanship that Your Lordship has brought to the duties of your exalted office that notwithstanding what we all recognise has been a record period of repressive legislation, throughout the length and breadth of the country among all classes and creeds Your Lordship's name is held in the highest respect and gratitude along with the names of your illustrious predecessors Canning and Ripon. The large

and far-reaching reforms which Your Lordship has brought about, undeterred by anarchist developments and reactionary counsels, will long be remembered among the beneficent achievements of British statesmanship. My Lord, I am sure that Your Lordship's interest in this great country will not pass away, and I humbly hope that from your high place in the counsels of Parliament and of His Majesty you will long continue to exert your kindly influence for the welfare and prosperity of India.

## III

## On regulating labour in factories

*3rd January 1911*

*At a meeting of the Imperial Legislative Council held at Calcutta on the 3rd January 1911, the Honourable Mr. Robertson moved that the Bill to consolidate and amend the law regulating labour in factories be referred to a Select Committee. The Honourable Sir Vithaldas D. Thackersey spoke on the motion as follows:*

MY LORD,

I had the honour of representing the Bombay Chamber of Commerce and the Bombay Millowners' Association on the last Factory Commission. I signed the report of the Factory Commission and endorsed almost everything that was said by that Commission; so that it cannot be said that, when I am speaking here, I am speaking on behalf of the employers of labour, because there is much in the Factory Commission's Report in favour of the employees also. I may say at once that I would not oppose the restriction of the hours of adult labourers if it can be shown that it is necessary and that the adults have either suffered in health, or that they are not able to protect themselves, or that there is no other way by which we can meet any possible sweating in the future than the one method adopted by the Government in the Bill. I hope that, after the statesmanlike declaration made by Your Excellency that we should work here in a spirit of mutual concession, the statement made by my friend, the Honourable Mr. Robertson, that, so far as the principle was concerned, Government had decided that it should be carried out, is not meant to be final. Perhaps that is the opinion which is at

present held by the Government of India, and when we consider in detail the sections of the Bill the Government of India may choose to change their opinion.

Now, My Lord, let us ask what is the principle to which the Government of India wish to adhere? Is it that there should be adult restriction, or is it that Government should not allow in future any sweating of the work people! I believe the object of the Government is the latter and not the principle that there should be direct restriction of the working hours of adults. Now, so far as that is concerned, I think that those who are connected with factories will gladly co-operate in bringing about the result that Government have in view. But I am opposed to the direct restriction of the hour of adults, because I feel—and there are many others who feel in the same way—that it will create the greatest inconvenience possible to industrial communities, on occasions when a little overtime is necessary and when it will hamper the industry not to be allowed to do this extra work. That view is taken by the Factory Commission in paragraph 47 of their Report. Paragraph 47 of the Report says:

> "We are strongly opposed to any direct limitation of adult working hours, because we consider that there is no necessity for the adoption of this drastic course, because we are convinced that it would cause the greatest inconvenience to existing industries, most of which have never worked long hours, and because we think that such a measure would seriously hamper the growth of industrial enterprise."

Now, My Lord, after such a declaration by the Factory Commission, is it right that we should go with a light heart and do just the opposite of what the Factory Commission recommended? The Factory Commission, as we know, was the most representative Commission ever appointed by the Government of India. It represented the several trades and industries. On the Commission, we had as Chairman, the Honourable Mr. Morrison, than whom it would be difficult to find an officer more conscientious or who had greater sympathy for the raiyats from whom

the millhands are generally recruited. We had also the assistance on the Factory Commission of Mr. Beaumount, who is the Chief Inspector of Factories in England. I trust that Your Lordship will agree that the recommendations of such a Commission ought to carry the greatest weight with this Council and with the Government of India. The Commission recommended the creation of a "young persons" class between the ages of 14 and 17 and the limitation of their hours of work to 12; and they were of opinion, and I do sincerely believe that they were right in thinking, that such limitation would bring down the hours of work in textile factories to 12. I mean the economical working of the mill. It was stated by the late Mr. Harvey, whose sad death we all deplore, that the Commission had suggested this as an indirect restriction in order chiefly that the hours of adult labourers should be restricted to 12. Now I was on the Commission and I can say on behalf of the Commission that this is incorrect. We went step by step and we found that the restriction of the hours of young persons was necessary on its own merits. That is my point, and it was pointed out clearly by the Factory Commission in their Report.

Then, my Lord, about the independence of the factory employees, much has been said here and I will not detain the Council on that head. But as regards their health there are very interesting statistics given by Dr. Turner, statistics compiled during seven years, which show that the death rate among the general labourers of Bombay was 31·58 while the death rate amongst the factory operatives was 18·45. And Dr. Turner in his evidence pointed out that this was because the conditions of mill labour were much better; the men are better fed, better clothed and better housed. We have also the statistics of the death rates in the Ratnagiri District, from which the millhands come, and we find that that district has the lowest death rate in the whole Presidency.

My Lord, it was said by the late Mr. Harvey that the

creation of a 'young persons' class would entail administrative inconvenience. We know that there is a class of young persons in England and no one has ever suggested that administrative convenience should reign supreme and that no regard should be paid to the inconvenience caused to factory owners by the direct restriction of the hours of adult labour.

Well, my Lord, I think that the best plan for this Council would be to accept in toto the recommendations of the Factory Commission, and if the object that we have in view is not attained it would be quite easy for Government to come up next year and say: "Here we accepted the co-operation of the factory owners, we accepted your own suggestion, we accepted the report of the Factory Commission, but the object has not been served. Well we will have direct restriction of adults." That will be the proper time, my Lord, when the Government can justly dictate their terms. If, after all, there is a doubt about the effects of creation of a 'young persons' class, then there is another way of dealing with the question, and that is what has been proposed by the Bombay Chamber of Commerce, namely, that in Section 21 it might be provided that after 12 hours work there should be a compulsory stoppage, I mean an interval of rest for the next two or three hours. For example, a factory starting at 6 o'clock will have to give half an hour's interval at 12 under the Bill. Re-starting at 12–30 it will have to stop at 6 o'clock, and, according to this suggestion, the hands must be given an interval of three hours so that they cannot begin work again before 9 p.m. It is absolutely impossible to expect the hands to come out at 9 o'clock at night to re-start the mill for the factory owner. There are other ways of dealing with the question if Government is not convinced of the efficacy of the Factory Commission's suggestions, and these I will place before the Select Committee.

Then, my Lord, there is one other important matter which I should like to bring before this Council, namely, the question of working daylight hours. A passage from Lord Lansdowne's

speech has been quoted by previous speakers, but since those times the only change that has taken place in the conditions of factory labour is the installation of electric lights, as the late Mr. Harvey admitted. Mr. Harvey said that the conditions which prevailed in 1891 had been radically altered and that Government should, therefore, interfere in the matter. If any one studies the report of the Factory Commission, he will find that out of 224 cotton mills in India less than 100 are fitted with electric lights. Out of these 100, only 25 or 30 have worked excessive hours. Now, for the sake of these 25 or 30 mills, we propose that all should be penalised. The mills in the Central Provinces have no electric lights and the mills in the Madras Presidency also have no electric lights. They work daylight hours; they are not working excessive hours. To them the Government says under this Bill: 'Some people in Bombay have sinned, therefore, we shall introduce a regular 12 hours' Bill. We cannot tolerate daylight hours although it is liked by the hands. If the finances of the mill do not permit of electric light installation, do not work for longer hours. You shall not work for more than 12 hours when the days are long. That is the position which we create by this indirect restriction. We tell everyone in the country that they must put in electric lights and work 12 hours only.

My Lord, that is all that I wish to say on this Bill, and I hope, as I have said at the beginning of my speech, that a spirit of mutual concession will characterise our proceedings and that Government will rather aim at preventing sweating than at the restriction of the hours of adult labourers.

## IV

## On the Abolition of the Countervailing Excise Duty on Indian Cotton Goods.

*9th March 1911.*

*The following resolution was moved by the Honourable Mr. Dadabhoy: "That in view of the continued depression in the Indian Cotton Industry, this Council recommends to the Governor-General in Council that the countervailing excise duty upon cotton goods manufactured in India be abolished." Sir Vithaldas in supporting the resolution spoke as follows:*

MR. PRESIDENT,

I support the resolution moved by my friend the Honourable Mr. Dadabhoy. I think the Hon'ble Mr. Dadabhoy deserves congratulation for the modesty and moderation with which he has moved the resolution and the weighty speech he has made on this occasion. He has given a history of the Indian excise-duties, and he has clearly proved that these countervailing excise-duties were levied against the wishes of the Indian people, against the wishes of the Indian Government, and in strong opposition to the interest representing the industry. They were imposed because Lancashire thought that the import-duty of 5 per cent. gave a slight advantage to the Indian manufacturers. I maintain, Sir, that even if the import duty did give a slight advantage to the Indian manufacturers, it was quite justified, as all the great nations give such advantage to their own industry. We have recently seen Canada agreeing with the United States in helping its own industry in spite of all the clamour that has been raised in Great Britain about it. But I maintain, Sir, as has already been maintained here, that there is no competition between the imported article and the article manufactured in India,

We produce in India coarse goods which are consumed by the poor in the country, while the imported articles are of finer structure and consumed by the richer people in the country. Therefore, by putting this excise duty you will not only be doing injustice to the manufacturing industry but also to the poor of the country. Well, as regards the free trade principles, after the Boer War, when Great Britain levied an import-duty on wheat, there was no question of levying a countervailing excise-duty on the production of wheat in the United Kingdom. I do not know whether at that time this principle of free trade slept; but of course the case in India is different, because we are in this case not treated in the way in which we ought to be treated. The Indian Government should have full voice in deciding these points. But let us forget the past, and although we have paid excise-duty for the last 15 years, the question is whether this injustice ought to be continued. I think from the way in which opinions were expressed by other members than those interested in the cotton industry, Government have been convinced, that there is a strong feeling in the country, that this duty, this injustice, should be done away with as soon as possible. This duty is regarded not only as unfair and unjust, but a general impression is being created in the country that in this matter the interests of the Indian manufacturers and the Indian consumers are being sold to the interests of Lancashire manufacturers. It would be to the interests of cordiality between the rulers and the ruled that this impression ought to be abolished as soon as possible. We have now seen the reforms introduced, and the policy of the Government is to bring about cordiality between the rulers and the ruled, and they are successful in changing the attitude of the people for the better; and I am sure, if this justice is done to India, that belief will be strengthened. With these words, I support the resolution moved by my honourable friend Mr. Dadabhoy.

V

## On the Factory Bill

*21st March 1911*

*The Hon'ble Mr. Clark moved the following resolution:*
*"That the report of the Select Committee on the Bill to consolidate and amend the Law regulating labour in factories be taken into consideration."*
*On the resolution, the Hon'ble Sir Vithaldas D. Thackersey spoke as follows:—*

MR. PRESIDENT,

It will be very difficult to explain the whole position if we first take up the amendments one after another, because in that case, we shall have to discuss the whole principle on the very first amendment. I think it will be better, and I hope the Hon'ble Mr. Clark will agree with me, to have a general discussion now, and later on to bring forward amendments.

THE PRESIDENT:

It is quite open to the Hon'ble Members to make any remarks they wish to make upon this motion.

THE HON'BLE SIR VITHALDAS:

Mr. President, my first words on the motion before us are words of congratulation to Government on the Bill as it has been revised by the Select Committee. Sir, the original draft bill had aroused fears in the minds of factory owners as to the effects of its operation. The Select and the Sub-Committees, who were at work over three weeks on the Bill, have introduced important amendments with the object of meeting the convenience of the several industries concerned.

The principal objects of the Bill have been steadily kept in view, and the Bill as revised by the Select Committees carries out the intentions of the Factory Commission in most respects. At the same time, by adopting a liberal attitude in regard to exemptions, by providing assessors to assist in the hearing of appeals from factory-owners, and by making the clauses of the Bill clear and definite, the Select Committee have done their best to satisfy the reasonable objections of factory owners. I am glad to say that the Bill before us is a very satisfactory measure in all respects except one or two with which I have attempted to deal in my amendments.

I should not omit to give the credit for this great improvement in the Bill to one to whom it is largely due. I mean my friend the Hon'ble Mr. Robertson. Owing to the unfortunate circumstance that the Hon'ble Member for Commerce and Industry Mr. Clark was not able on account of his illness to attend the meetings of the Select Committee, the burden of the whole work of guiding our deliberations fell on the Hon'ble Mr. Robertson. I am sure I am echoing the feelings of all my colleagues when I say that his complete mastery of the subject, his assiduous industry and his constant anxiety to conciliate all interests have won for him our admiration and high regard. Sir, I was a member of the Factory Commission, and I can assure Government that the Bill before us is excellently adapted to prevent all the abuses which the Commission was anxious to put down, provided, of course, that the work of inspection and supervision is carried out on the lines recommended by the Commission.

After these remarks on the Bill as a whole, I proceed to indicate the points where I differ from the conclusions of the majority of the Select Committee. They are two in number. In the first place, I object, and I have the unanimous support of my non-official colleagues, including those representing the Bengal Chamber of Commerce, the Bombay Chamber of Commerce, the representative of the Jute Mill-Owners' Association, and non-official

members representing other industries who were on the Select Committee on this point, to the introduction of the novel principle of direct restriction of the hours of adult male labourers. We are all agreed that no factory labourer should be required to work more than twelve hours a day. There is no difference of opinion as to that. The only question is, how is this end of a twelve hours' day to be brought about? The Factory Commission after great deliberation recommended a plan namely, the creation of a "young persons" class with hours limited to twelve. They were of opinion that this would automatically limit the working hours of all labourers to twelve. Government have come to the conclusion that this effect will not be achieved by the plan. But there are other ways by which the same could be done. The Bombay Mill-owners' Association in their recent representation have made one proposal which has also the approval of the Bombay Chamber of Commerce. I suggest another in my amendments, which if accepted by the Council, will make it utterly impossible for any mill-hand to work more than twelve hours, without imposing a direct restriction on the hours of adult male labourers. My proposal is to make an hour's interval compulsory after a mill has been working for twelve hours. According to Clause 29 no factory can work earlier than 5-30 or later than 7 o'clock. After six hours a compulsory stoppage of half an hour is required by Clause 21. A mill which begins at 5-30 will stop for half an hour, between 11-30 and twelve noon. It will work again between twelve to six, and a stoppage of one hour after that would come to 7 o'clock, after which it is prohibited from working under Section 29. Thus the object of a 12 hours' day will be automatically ensured without legislating on the hours of the adult male labourer. I earnestly hope, that Government will, even at this last moment, give a favourable consideration to the amendment. I assure Government that the idea of a direct limitation of men's working hours has caused, and is causing great alarm among the industrial community. It is felt to endanger the future of Indian factories. We feel

that sooner or later this concession which Government proposes to make to outside pressure will lead to further demands, for greater direct restriction which Government, with all the good-will in the world, will be powerless to resist. We may be wrong, but we strongly feel that Government by introducing this novel principle of adult restriction will be throwing away a valuable safeguard to the interests of Indian industries. I have only to refer to the past history of the excise-duty on Indian Cotton factories to show our fears are not unfounded.

Then, Sir, I differ from the majority of the Select Committee as to the justice of extending the provisions of the Bill to factories working daylight hours. I may remind the Council that the abuses which the Bill is designed to check arose in mills worked by artificial light, and that it has been admitted that if electric light had not been introduced there would have been no need for the present legislation. Why, then, should the provisions of this Bill be extended to factories working by natural light? The chief objection of opponents to the exemption of daylight factories was that the longest working day would be 14 or 14½ hours in the hot weather. But I have provided against it in my amendment, under which the maximum day shall not exceed 12½ hours. While I believe that, ultimately, all mills will find it desirable to adopt a uniform 12 hours' day, I think it unjust to impose restrictions where no abuse has occurred. I trust Government will be pleased to consider this suggestion also favourably. I may mention that the Government of Bombay has supported this view. My Lord, there are two other matters to which I wish to take this opportunity of calling the attention of Government though I have not thought it necessary to move any amendments regarding them. The Factory Commission recommended the appointment of a Chief Inspector of Factories, primarily with a view to ensuring uniformity in the administration of factory laws. Government have, however, decided to dispense with this appointment in deference to the views of Local Governments. But, Sir, I earnestly

hope that the main object for which the Factory Commission made the recommendation will not be lost sight of. I need not remind the Council that there has been in the past a great deal of difference in the manner in which the Factory Act was administered in the several provinces. In order to avoid such a contingency in the future, the Bombay Mill-owners' Association have suggested that all rules made under the Act should be uniform except so far as local conditions warrant any alteration, and that the Government of India should see that this policy is carried out by Local Governments. Sir, the best course seems to me to be that the Government of India should draw up a set of model rules for the guidance of Local Governments who will make the necessary changes in them to adapt them to local requirements. I further think that an annual conference of Factory Inspectors to compare notes will be useful in keeping factory administration on the same level of efficiency in all parts of the country. I should like to have a clear pronouncement from Government on this important point.

Lastly, Sir, I wish to support the suggestion of the Bombay Mill-owners' Association with reference to the clause relating to ventilation. The subject is a highly technical one; but, it is necessary, as has been done recently in England, to have an exhaustive enquiry carried out by experts, and such enquiry was recommended by the Factory Commission also. The rules framed for the ventilation of factories must be based on the conclusion of such an enquiry.

In conclusion, I would again congratulate Government and the Council on the eminently satisfactory manner in which the difficult problems connected with factory administration have been dealt with in the Bill before us.

## VI

## On Railway Policy

*1st March 1912*

*The Honourable Sir Vithaldas Damodher Thackersey moved the following Resolution :—*

*That this Council recommends to the Governor-General in Council that a Committee, composed of Officials and Non-Officials, be appointed to enquire into :*

(1) *the policy followed at present in fixing goods tariffs and its effects on the development of Indian Industries and on inter-provincial trade ;*

(2) *the extent, if any, to which the principle of non-interference with vested interests is recognised in dealing with proposals for the construction of new lines with special reference to its effects, if any, on the opening up of outlying tracts and the creation of monopolies in favour of existing lines : and*

(3) *the desirability of associating Members of the Commercial Community with the deliberations of the Railway Board either by nomination to it of one or two additional Members from among them, or by constituting an Advisory Committee of representatives elected from the different important centres.*

My Lord,

This Resolution that I have the honour to move in this Council is of very great importance from the point of view of the industrial development of the country which everyone of us has so much at heart. Railways as the great distributing agents of commodities are an important factor in the growth of industries in every country and it is a question of vital interest whether they are proving themselves of maximum use in this direction. I should like to state at the outset that in bringing this Resolution before

the Council, I do not intend the slightest reflection on those who are responsible for their present management. Our Railways are managed, save with few exceptions, on the most up-to-date commercial principles with a view to give the largest returns to their shareholders and to Government who own the larger share of the capital invested in them. This is as it should be, and my object in bringing forward this Resolution is to show that certain important considerations are lost sight of in the way in which this perfectly legitimate anxiety to earn the highest dividends is allowed to dominate the present policy in regard to freights and construction of new lines. The first part of my Resolution deals with certain features of the present goods tariffs and their effects on the development of Indian industries and on inter-provincial trade.

In framing tariffs, the main consideration with the Railway Companies is naturally to make the maximum profits out of the working of their lines. If lower rates are allowed for the carriage of some classes of goods than on others, it is only from the expectation of a greater volume of traffic and of earning ultimately more profits. Such questions as the development of local industries all over the country hardly enter into their calculations except in so far as the development may be considered by the Railway Companies as a source of greater traffic for themselves. But these, my Lord, are questions of great importance to the people of this country, and my object in moving this Resolution is to enlist the support of this Council to my plea that greater consideration must be allowed to them than at present in the policy followed by the railways. We are entitled to ask that this should be done, as India has the inestimable advantage, denied to the other countries, of owning most of her railways. Thanks to the foresight of the originators of our railway policy, it has been from the first carefully provided that Indian railways should eventually be the property of the State, and, at the present moment, all the great trunk lines are owned by the State. We should, therefore, be largely immune from the difficulties which are loudly complained

of in countries where railways are owned by private companies; but, so far as the development of internal trade and industries are concerned, I am afraid this is not the case. Although the Companies which manage the State Lines hold only from 5 to 15 per cent. of the capital invested in them, yet they practically control the policy in regard to freights to the detriment of the development of local industries, the encouragement of which has been considered to be the only complete remedy against the disastrous famines to which the Indian people are so frequently exposed. The management of railways by private companies was adopted as it was rightly felt that it would be more efficient and economical than State management; but we should be very careful that this does not deprive us of the advantages of having a national system of railways, by its disregard of every consideration except that of earning high dividends. In particular, my Lord, I think that the railways have a duty towards the internal development of the country. Where this duty is disregarded, it is incumbent on Government to use every means in their power to set things right.

I will give the Council some concrete instances of such subordination of interest of indigenous industries to the earning of dividends. My first instance is the traffic in matches. As a general rule, matches from Calcutta, Karachi, Bombay and Madras are quoted specially low rates, while match factories in the interior have to pay a higher rate. From the Railway point of view it can be truly said that the traffic from ports being heavy, consisting of wagon loads for long distances, it is cheaper to carry than the small quantities of locally made supply from wayside stations where they cannot get a large enough traffic to employ more than a few wagons. My Lord, there is another point of view to consider. In the present development of the country, we had hardly expect to have large factories throughout India turning out wagon loads of matches. It is not right that the small pioneer factories should

be placed at a serious disadvantage in competition with foreign matches and that too in railways which are owned by the State, *i.e.*, by the nation. Even if it entails some little sacrifice, the same low rates ought to be quoted for local industries if they are not to be crushed by foreign competition. A policy which recognised a duty to promote indigenous enterprise will not affect the total revenue of the railway. Even if there is a small loss in such traffic it is only for a short time as the development of such industries is sure to provide the railway in the long run with large traffic and profits.

At present the North-Western Railway charges its fifth class rates for the Ahmedabad matches while it charges its special mileage rate from Karachi Port. The East Indian Railway charges the fifth class rate with minimum of 20 maunds on Ahmedabad matches for all the stations on its line except *via* Agra where it charges its fourth class tariff with a minimum of one maund; but this concession for Ahmedabad factories cannot be utilised as it is impossible to approach every station *via* Agra. If these special rates are charged from all junctions and the minimum quantity done away with, factories in Ahmedabad and such other places can despatch separate small consignments all over the country. So far as railways are concerned, the consignments may be smaller, but along with other goods from that station they can always fill up their wagons. It would certainly entail extra work for passing receipts and giving deliveries, but is it too much to expect the State to help even to this small extent in the development of infant industries?

I will give another instance. Glass factories in India are placed at much disadvantage by specially favourable rates for imported glassware. For example, the class of glass chimney—a cheap article fetching not more than Rs. 14 per maund on the basis of the weight of the glass—are rated fourth class in the general goods classification, that is, the freight is $^{5}/_{6}$th of a pie per maund per mile. The rates from Amballa to Allahabad on this

basis will be Rs. 2-4-5 per maund for 513 miles; whereas the railway freight on glassware which includes chimneys and other high priced articles from Howrah to Allahabad, 514 miles, for imported glassware is only Rs. 1-9-8 per maund. Thus an Indian industry is penalised by the favour shown to foreign goods. Here again the quantity from the port may be bigger and that from local factories may be smaller; but a State owned railway should try to strengthen the position of the home industry in competition with the foreign one. Here again a slight sacrifice will not make much difference to the revenue, but the industry would be immensely benefited. The same arguments hold in the case of our sugar manufacturers. Imported sugar from the ports get special quotations while no such concession is granted to the product of our up-country factories. I need not trouble the Council with more instances but I am sure the President of the Railway Board, who is present here, will admit the fact that specially low rates are quoted whatever may be the justification the railway companies may urge in support of their action.

Inter-Provincial trade also suffers owing to the so-called "Block Rates" quoted by practically all companies in order to draw all available traffic to their own line and to prevent as far as possible traffic from their own stations going on other companies' lines. This again from the railway companies' point of view is justifiable as no company can be expected to tolerate the transfer of its own traffic to other lines if it can possibly prevent it. But from the country's point of view it is clearly not advantageous that merchants should be compelled to send their goods not by the route which gives them readiest access to the best market, whether it be Calcutta, Bombay, Karachi, or Madras —but by a route which brings the most profit to the railway which happens to pass through the particular places. And again, why should people of such places be hard hit because their geographical position may happen to be between two competing lines? These hardships are unavoidable in countries where railways are

owned by private companies but why should they be tolerated in India where the railways belong to the State? I think a scheme ought to be devised under which the interests of the people may not suffer in the competition between rival companies.

In fixing tariffs, railways provide for a reduction of rates as the distance increases. As a matter of general principle, this cannot be objected to. But there can be no justification whatever for carrying goods over a longer distance at actually less cost than over shorter distances. This is done purely as a matter of competition. Many examples of this kind can be quoted. Of course, the low rates charged to places like Delhi are due to competition amongst various lines to appropriate the traffic to themselves. But either the rates charged are fair or they entail loss to the railways concerned. If the latter, why should the three railway lines owned by the State be allowed to cut each other's throat at the sacrifice of our revenue? If the former, then surely it is unjust that the people of Lahore should be asked to pay 30 per cent more for carrying their goods over a distance of 757 miles than Delhi sending its goods over 908 miles. The Cotton Mills of Delhi suffer in the same way by specially low rates from stations on the North-Western Railway to Karachi while higher rates are charged to Delhi. We can multiply many instances of this kind. But I will not take up the time of this Council, as I am sure the Chairman of the Railway Board will not deny the fact that such anomalies occur though he may not hold that they are rather anomalous.

These are instances where particular industries and localities are placed at a disadvantage; but there is a more serious case in the Bombay Presidency where the trade of the city of Broach, a rising port—is being actually killed by the adoption of a similar policy. In the old days Broach was a very prosperous port, but since the construction of the Bombay Baroda and Central India Railway to Bombay it suffered a great loss of traffic, mainly because the sea route had not been properly deve-

loped. In these days of quick traffic none cares to utilise the old, slow sailing boats, but since 1909 an up-to-date steamship line has been organised for the port of Broach. Now Broach is 204 miles distant from Bombay and the sea route, every one knows, is always cheaper than the railways. It was natural, therefore, that the merchants of Broach should avail themselves of the sea route, and some traffic came that way to Bombay. Of course, this was a loss to the Bombay Baroda and Central India Railway, though it was a gain to the Broach merchants and traders of the places north of Broach. If that Railway had cut down its rates in order to meet the competition of the steamship line, the trade would have been benefited and none would have had to complain. But the Bombay Baroda and Central India Railway did something different. Instead of reducing its rates so as to divert traffic from the steamship line, it raised its rates in several cases for traffic northwards, in some cases by so much as 200 per cent. How all the rates were manipulated has been clearly described in a petition presented to the Collector by the citizens of Broach consisting of merchants, shipowners, millowners, tradesmen, etc. in December 1910. I understand that the Government of Bombay has forwarded this petition to the Government of India strongly supporting the contention of the people. His Excellency the Governor of Bombay, Sir George Clarke, than whom it is difficult to find a statesman with a keener sense of duty in protecting the legitimate rights of the people, referring to this complaint, remarked :—

"Railways are made for India and not India for railways."

I do not find fault with the management of the Bombay Baroda and Central India Railway, because it is doing what any private individual would do to make as much profit as possible. An individual does not care if in order that he might make one rupee, several others have to lose several rupees, provided he is honestly earning his one rupee. But here again I am asking the

State which owns the railway, is the State justified in killing the port of Broach for its own revenue ?

The Bombay Baroda and Central India Railway is one of our best managed lines. It employs a large number of Indians in the higher posts and has endeavoured to its utmost to meet the convenience of the travelling public. But in this case, while the Railway is right from the point of view of the interests of its shareholders, the people of Broach have a justifiable claim for fair treatment at the hands of Government. A redress of this grievance of the people of Broach and the traders of the places north of it is urgently needed. If the Government cannot overrule the railway under existing agreement they should adopt some other means, such as compensating the shareholders of the railway company, for the loss that they may suffer by giving up this penal rate north of Broach. But the State ought not to allow the Railway owned by itself to ruin the material interests of the public of Broach.

It has been said that the traffic affected is not the legitimate traffic of Broach, because before the sea route was developed, the traffic went by the railway. We may as well argue that the traffic is not legitimate because, if no sea existed, Broach would never have been a port. The fact remains that Broach is a port and that the sea traffic is developed. Who is to decide whether the traffic is legitimate or illegitimate ? Are the owners of the railway who are interested in its profits to decide, or are the traders whose business is ruined? Keep both routes open on fair terms and let the traders choose that which is convenient to them.

My Lord, further there is a serious grievance of the commercial communities against the form of " the owners' risk notes " and against the way in which extraordinary high rates (in some cases 120 per cent higher) are charged for the carriage of goods at railway risk. Under this policy it often becomes absolutely impossible for the owner to send his goods at railway risk and thus railway companies get absolved altogether from the liability on the

carriage of such goods. On principle this policy of differentiating the rates cannot be objected to, but care must be taken that the railway companies do not charge more than what may be reasonably considered a fair insurance premium for the risk taken by them. Surely 120 per cent higher rate is not reasonable as it cannot be said that our railway management is so bad that the actual average loss of goods in transit justifies such heavy premium. My Lord, such instances of fixing tariff with the sole object of earning the biggest dividend can be multiplied, and I have a large list of such instances, which I shall be glad to place before any member of this Council who desires to pursue this subject further. I may also draw his attention to the admirable and the instructive articles on this subject contributed in the *Empire* by our worthy citizen, Mr. R. D. Mehta, C.I.E., who has thus done a great service to the country. Sir F. S. P. Lely, C.S.I. K.C.I.E., a very distinguished member of the Indian Civil Service (now retired) in Bombay, who knew the people intimately and entertained deep sympathy for them, in his book entitled "*Suggestions for the better Governing of India*" observes:

> "The Traffic Manager wields an irresponsible power over the country commanded by his railways which should not be entrusted to any man and least of all to one who rightly from his own point of view regards nothing but his masters' dividends under certain wide limits set down by Government. By a slight re-adjustment of rates, he can, and sometimes does crush a rising home manufacturer in favour of a foreign customer. An amended Code of Civil Procedure occupies for days and months the wisest of the land, but is of less practical consequence to the people of a district than the local goods tariff book."

This is the opinion deliberately expressed by a very high Government official who spent the best years of his service in India, moving in the districts and watching the needs of the people.

While I have been observing this policy of fixing the tariffs for a long time, it naturally occurred to me to ask, what does the

Railway Board do? I cannot imagine that it would shut its eyes to the interests of the industries and commerce of this country. I have the highest respect for my friend, the Honourable Sir T. Wynne, and for his desire to do what he can in the interests of the country. Sometime ago I discussed some of these matters with him, and I understood from him that the Railway Board has no power to interfere in fixing the rates provided they were within the limits—minimum and maximum—prescribed. If that be so, I can only say that the handing over to the Railway Companies such wide powers in their contracts is the most unfortunate thing that could have happened to this country. After all, the railways were not leased to the companies for want of money; from 80 per cent to 95 per cent of the purchase capital is either supplied or guaranteed by the Government of India. The only consideration which induced the contracts was that private management was better than government management. I would say, however, that we had not sufficiently considered the interests of industrial development in framing the contracts. Cheap carriage of goods is a main factor in industrial development, and, as we have seen, the managing companies not only do not recognize any duty to encourage local industries, but they in some cases actually discourage them by penal rates. But Government have still sufficient power to influence the action of the railway companies as the country has to provide any additional capital that may be required. I hope that Government will give special instructions to the Railway Board to examine the conditions of each industry and prevail upon the railway companies to fix such tariffs as would not affect them injuriously in competition with imported articles and as would also afford inter-provincial trade full scope for expansion.

I will now come to the second part of my resolution. The extension of railways to many times their present mileage is a great necessity of India. The Committee on Indian Railway Finance and Administration presided over by Sir James Mackay,

now Lord Inchcape, in their report published in 1908, pointed out that in their opinion the estimate that the existing 30,000 miles of railways in India would be increased in a short time to 100,000 miles was short of what would be ultimately found to be necessary in India, and they were convinced that there would be fruitful fields for such productive expenditure on railways for many years to come. They added that in their opinion the steady and rapid development of the railway system of India should be regarded by Government as one of its most important duties. The Government of India have, I need hardly say, fully realised the importance of the extension of the railways. Recently very satisfactory terms for the construction of feeder lines were issued by the Railway Board. These I have no doubt will materially encourage the extension of feeder lines, and I hope the progress will be much more rapid than it has been in the past. So far as these terms are concerned, they are satisfactory ; but I am afraid too much weight is attached by the Railway Board to vested interests in withholding sanction for new lines when such lines are likely to divert some portion of the traffic of any existing lines.

I will give a few instances. There is a proposal to construct a line from Ranpur on the Bhavnagar Railway to Dholka, a station on the Ahmedabad-Dholka Railway, which would shorten the distance between Ahmedabad and Bhavnagar port and thus effect a saving to the merchants in railway freight. Moreover, it would develop a large port of the country which at present has no railway connections ; Messrs. Killick Nixon & Co. and the Bhavnagar State have jointly agreed to construct this line, and they have applied to Government for sanction to carry out this project. It seems that sanction has been withheld because the Bombay Baroda and Central India Railway has objected on the ground that its traffic would be affected. Why should the traders of Ahmedabad and all the surrounding districts be asked to send out their goods by a circuitous route and pay extra freight on

them, and why should that portion of the country remain undeveloped at considerable loss to the people living there because the present railway, which provides the circuitous route, objects for reasons of its own? And after all the Bombay Baroda and Central India Railway own only a portion of the present line. I will give another instance. It is proposed by the Mysore Government to construct a line from Erode in Southern India on the South Indian Railway to Nanjangud and through Mysore to a station on the north, Arsikere, a station on the Madras and Southern Maharatta Railway. The new line will be of 224 miles in length and will develop a considerable part of the country. Here again difficulties have been raised on the ground that some part of the traffic may go through this line, which now goes by the present circuitous route from Erode *via* Jalarpet and Bangalore. The distance between Erode and Arsikere is 301 miles by the circuitous route; while by the new line it will only be 240 miles. Is the development of this vast country and the consequent advantage to the people living in this area to be subordinated to the interests of the existing line? Are the interests of the commercial and trading communities which would be immensely benefited by a shorter route, not to be considered?

There is another instance where a vested interest has come in the way of legitimate railway expansion. I refer to the case of the Bombay Baroda and Central India Railway which is urgently in need of a link between Muttra and Aligarh. The question was raised on a previous occasion in this Council, when the Chairman of the railway Board replied that vested interests had to be considered. This line will give the shortest route to Bombay from the fertile country round about Aligarh, the junction for all North Indian Railways. Apart from the advantages which Bombay may secure by the shorter route, the part of the country through which Muttra-Aligarh line would pass will be greatly developed and the producers round about Aligarh will be able to secure the highest rates for their produce owing to the

keener competition of purchasers. Are these interests of the people to be subordinated to the vested interests? These are only a few instances out of many that can be cited. But I hope I have said enough to convince the Council that the practice of withholding sanction for the construction of new lines, on the sole ground of interference with vested interests, is detrimental to the proper development of outlying tracts and is calculated to create a monopoly in favour of existing lines.

My Lord, I do not wish to be understood to mean that no consideration should be paid to the vested interests of the existing lines. I admit that where a proposal is made to run a parallel line to the existing line without opening up any new tracts, Government will be perfectly justified in refusing its sanction. But I contend that vested interests must be given a secondary place when a railway line is proposed which runs through some outlying tracts whose development it will greatly stimulate and where the interests of the commercial and trading communities are concerned. If we are to have a hundred thousand miles or more of railways, as recommended by the Railway Committee, how are we going to have them without treading upon somebody's toes? It is to the interests of the country that it should rather earn a somewhat smaller return for a hundred thousand miles and withdraw all conditions which hamper the free development of every part of it, than earn a larger return on 30,000 miles only and run the risk of retarding the opening-up of undeveloped tracts. Of course, from the point of view of existing companies, it is to their interests to earn large profits on small capital by trying to monopolize as much as possible the existing traffic. But there again, as I have already observed, from 85 per cent. to 95 per cent. of the capital invested on the Government lines comes out of India's revenues, and we are entitled to have a controlling voice in preference to the shareholders owning between 5 and 15 per cent. of the capital when it is a question of the economic development of the country. Further the contracting companies have an

interest of only about 5 per cent. on the excess profits over the minimum.

I now come to the third part of my resolution, *viz.* the desirability of associating the members of the commercial communities with the deliberations of the Railway Board either by nomination to it of one or two additional members from among them, or by constituting an Advisory Committee of representatives elected from different important centres. This follows as a natural corollary from the first two parts of my proposition in which I have endeavoured to impress upon Government the necessity of giving special consideration to the development of industries and to conserve and protect the interests of the commercial community. The Railway Board, I admit, has shown that it has the interests of India greatly at heart in dealing with railway companies and has often used its good offices when complaints have been brought before it. But anxious as we know its energetic President is to help on India's advancement, he is powerless to dictate to the railway companies so long as in manipulating their rates they keep within the limits of maximum and minimum rates. I have asked that Government should give special powers and special instructions to the Railway Board to alter the present policy on the lines I have indicated. But this, my Lord, will involve a great amount of extra work, and will demand a special knowledge of industries and trade in order that such responsibility can be satisfactorily discharged. The Railway Board as at present constituted can hardly be improved upon so far as expert knowledge of railway management is concerned and their ability to discharge that part of their functions. But we cannot expect these railway experts to take up the extra responsibility that will devolve upon them as a consequence of these suggestions, if my proposition is accepted. We should give the Board some extra assistance in the shape of experts in industrial and commercial matters. Such a combination of expert knowledge in railways with special experience in

commercial and industrial affairs will be of immense benefit to the country. The Commercial Member on the Board should have in addition to his general duties as member, the special function of attending to the interests of commerce and industries. He will attend to complaints and suggestions from commercial representatives and bring them forward before the Board and would assist the Board with his opinions on them. There will also be a further advantage in that the expert members on the Board will have more time to devote to the work which they are best qualified to discharge. I should like to affirm once more that I do not intend by this proposal the slightest reflection on the Board, which, as I have acknowledged, has done admirable work. The proposal is on the principle familiar to us in our daily life as well as in the Government of India. In the Executive Council of Your Lordship, we have a Law Expert as Legal Member, we have as Finance Member a special expert sent out from England, we have His Excellency the Commander-in-Chief as an expert in the defence of the country, and so on. This question is of such vast magnitude and the interests involved are so many, that it is impossible to expect an agreement on all sides with the views I have expressed. I hope, however, that what I have said will be considered as making out a sufficient case for the inquiry which is all that this resolution asks Government to institute. I hope therefore that the Government of India will see their way to accept this resolution.

*In the course of the debate that ensued on the above resolution, the Honourable Sir Vithaldas D. Thackersey, Kt., made the following observations by way of reply:*

I have listened very carefully to the speeches of the Honourable the Member for Commerce and Industry and of the Chairman of the Railway Board, and I must say that neither of them has given any satisfactory explanation for the conditions under which the industries of India suffer so heavily. I am very sorry that the Chairman of the Railway

Board was not able to finish his speech because I was very anxious to know what possible defence could be offered on behalf of the anomalies I referred to in my speech. However, to the extent that he has replied, I will take his points one by one. He says railways were started in 1845 or somewhere about that time, when it was not quite easy for the Government of India to raise all the capital required for railways. Well, that was not my point. I say, railways were started in 1845, but the contracts expired in 1870, in 1900 and in 1907; why did you then enter into new contracts for management with those railway companies? The only argument that could be urged would be, perhaps, that those who were responsible for the making of these contracts thought that company management was better. The fact remains that the railway companies only own 7 per cent of the capital and we own over 93 per cent. Out of the total outlay on Indian Railways of 264 millions sterling, only 18 millions belong to railway companies. The 35 millions that are raised by debentures are guaranteed by the Government of India. Surely the Government of India did not go to those railways for want of 18 millions when they themselves financed about 250 millions. There must be some other reason. The argument that we went to them for money does not hold good. The Honourable Sir T. Wynne said, that when Government invited capitalists to subscribe for railways, unless they gave them a free hand they would not respond. It might have been necessary in 1845, but when contracts become due, all that you had to do was to pay off the shareholders. Instead of that you allowed them to continue on very favourable terms. Surely, in making new terms, no one can complain if you do not give to those shoreholders a free hand. Then the Honourable the Chairman of the Railway Board said that railway companies, for their own benefit, tried to quote low rates for inter-provincial trade, so that they might get the most traffic. Well, I have admitted that general proposition in my speech. But the question is, what if the railway companies do

not consider that there will in some individual cases be any immediate profit? I will give one concrete example. A very influential railway company, only a short time ago, in reference to a Government communication, said that any reduction favourable to a certain local manufactory would kill the traffic in imported commodity from Bombay which was much against the interest of the railways. Well, Sir, this is the argument of the railway company. If a railway company believes that matches made in Ahmedabad or Allahabad or any other place will reduce the traffic from Bombay to Allahabad, it is not in the interests of the railway to reduce that rate, but it is in the interest of the nation which finances the railways to so reduce it. The Honourable Sir T. Wynne said that the Railway Conference in 1908 accepted Mr. Chatterji's recommendations. I am very glad that they accepted his recommendations, and if they begin to remove just grievances, they will have plenty of them brought before them, and there will be no reason to come before the Imperial Council. Then, Sir, the Honourable the Chairman of the Railway Board made only a passing remark about Broach, that the trade had doubled in two years and therefore there was no necessity to interfere. Well, I say that the grievance of the Broach people is real and that the Broach trade is being killed.

Sir, in this case at least the Government of India have the power of interference, and if they do not exercise their power, the merchants will have a stronger grievance against the Government of India. I have in my hand a contract entered into between the Secretary of State and the Bombay Baroda and Central India Railway, dated the 8th April 1907. In paragraph 25, it says:

> "The Railway Board may at any time require the Company to quote over the Railways comprised in the undertaking such rates in respect of the conveyance of passengers and goods to and from western ports lying between Karachi and Bombay inclusive, as may be necessary in the opinion of the Board to secure the carriage of trade to and from such ports on equal terms."

Here is a clear power reserved under the contract to the Government of India, and Broach shall have a just grievance against the Government of India if they do not exercise the power reserved to them. Broach does not want more than equal treatment at the hands of the Bombay Baroda and Central India Railway as provided in paragraph 25 of the contract.

Then Sir, I come to the question of block rates. The Honourable the Chairman of the Railway Board has said, as also the Honourable Member in charge of the Department of Commerce and Industry, that it was a very difficult matter to deal with. It is natural that the Railway Companies should try and prevent their traffic going to other lines. Well, with all that I agree, but what would have been the condition if all the railways had been owned by one company? Take the instance of the Bombay Baroda and Central India, East India Railway and the Oudh and Rohilkhand Railway, or any other railway; within their respective lines there are no such block rates. It is because railways belong to different companies and each company tries to appropriate the traffic to itself, that such circumstances arise. My argument is that the whole of the railways belong to the State and, therefore, there should be on the whole one general policy, that railways should have no block rates against one another. Let the Great Indian Peninsula traffic go to Calcutta and the East Indian Railway go to Bombay and Oudh and Rohilkhand Railway go to Karachi. There should be fixed charges according to greater or shorter distances, but there should not be block rates for preventing the natural development of trade; and I do not see what difficulty can arise in following such a policy when contracts expire in future. The trade should be allowed to go wherever the merchants feel justified in taking it.

Then it is said, that if you properly approach the railway people, they will listen to you. I do not know what is the proper way of approaching the railway people. The agents of the Ahmedabad Match Factory had a great deal of correspondence

with the Bombay Baroda and Central India, the North Western and the East Indian Railways, and they also wrote to the Chairman of the Railway Board. From nowhere did they get their grievances removed. I will give you an instance of course. Properly to approach often means "use influence" if you have. Take the instance of Cawnpore and Delhi. Cawnpore is a large industrial centre for cotton, and so is Delhi. Every railway that goes to Cawnpore has rates for carrying cotton to Cawnpore, because the large millowners of Cawnpore—I need not mention their nationality —know how to approach the railway companies. Take now the case of Delhi. There are a few mills owned by Indians and we are asked to believe that they do not know how to approach. The millowners of Delhi put their grievances before the Honourable Member of Commerce when he went to the Upper India Chamber of Commerce, and were asked to approach the railway company. I think this way of asking individuals to go to railway companies for favours or to use influence is the worst thing that we can do. There should be rules and regulations, and a policy fixed, and we should get things by right and not by favour.

The Honourable Mr. Clark : I ought to explain that I did not for a moment mean to suggest that the Honourable Member should go to the railway companies and ask for favours. I only meant to say that railway companies are not necessarily in a position to know the requirements of every form of trade and unless the Traffic Manager is informed by the people interested as to what they want, he cannot know where rates are unduly high.

The Honourable Sir Vithaldas Thackersey : Sir, I am glad to have the explanation given by the Honourable Mr. Clark. But would you believe, or would this Council believe, that during the last two or three years, when the crop of cotton round about Delhi was bad and mills had to shut down for want of cotton, that they did not approach the railway companies to bring cotton from places like Multan at lower rates ? I have got instances. Multan to Delhi is 458 miles and the rate is 50 pies

per mile or Rs. 1-3-6 per maund. Multan to Karachi is 577 miles and the rate is 14 annas 6 pies per maund. For carrying goods for 577 miles to Karachi port the North Western Railway charges 14 annas 6 pies, and for carrying to Delhi, a distance of 458 miles, it charges one rupee three annas. Is this justifiable? Again from Chandausi to Cawnpore, a distance of 236 miles, the Oudh and Rohilkhand Railway rate is 5 annas per maund, while from Chandausi to Delhi, a distance of only 128 miles, (*i. e.* nearly half only) the rate is 6 annas 7 pies or over 1½ annas more than the rate for Cawnpore for carrying nearly double distance. When we come to this Council and put before it specific instances, with proofs, we do not ask our Government to take our figures on our word, but we ask them to make an enquiry to satisfy themselves about our grievances and then change the policy. The Government says "it is no use making an enquiry; you must approach the railway company direct and see what they do for you, and they will do what is good for you." This is most disappointing.

Mr. President, I will now refer to only one point. The usual argument, when you do not want to do a thing, is to say that there is no suitable man available for our purposes. Sir, only this morning you gave with just pride figures of our exports and imports which came to hundreds of millions; and there must be commercial men who must be dealing with such large merchandise. After 100 years of British rule, to say that in India there is not one man who can advise on commercial matters is not a compliment to the British Government. This is all that I can say. When we wanted a member for the Imperial Council, it was said that there was no suitable man for that. We have got one now. I think our Chairman of the Bombay Chamber of Commerce will undertake to give you a man if you decide to have a man. Well, Sir, I am very sorry for the attitude taken up by the Honourable the Chairman of the Railway Board in this matter, and I must press this proposition to the vote. Our grievances are great.

*The Council divided and the resolution was rejected.*

## VII

## On the Match Industry

*1st March 1912.*

*At a meeting of the Imperial Legislative Council held on 1st March 1912 the Hon'ble Mr. Clark moved that the report of the Select Committee on the Bill to prohibit the manufacture, sale and the importation of matches made with white phosphorus be taken into consideration. The Honourable Sir Vithaldas D. Thackersey spoke as follows on the subject:*

MY LORD,

I beg to move that the consideration of the report of the Select Committee on the Bill to prohibit the importation, manufacture and sale of matches made with white phosphorus be postponed for one year from this day, and that in the meantime, His Excellency the Governor-General in Council be requested to make enquiries as to the correctness or otherwise of the statement that since 1906 there has been such improvement in the process of manufacture as to obviate the need for legislation, and similarly to make enquiries as to the extent of the hardship that the prohibition is likely to inflict on the poorer people of this country, particularly the agricultural classes. My Lord, four members of the Select Committee on this Bill have signed the Report subject to a minute of dissent, and my reason for moving this amendment are given in the minute of dissent. The minute of dissent runs thus:

"A period of close upon six years has elapsed since the Berne Convention was signed in 1906 and it is, we understand, contended that during this time great improvements have been made in the methods of

manufacturing phosphorus matches, with the result that the risk of necrosis has been almost entirely eliminated. In the information that has been placed before the Select Committee, there is no evidence to show that this contention is incorrect and we are therefore of opinion, that the case for this proposed legislation has not been substantiated and that consequently the consideration of this Bill ought to be postponed for one year. We further consider that during that time His Excellency the Governor-General in Council should be asked to make enquiries as to the correctness or otherwise of the statement that since 1906 there has been such improvement in the processes of manufacture as to obviate the need for legislation and that similarly inquiries should also be made as to the extent of the hardship that the prohibition is likely to inflict on the poorer people of this country, particularly the agricultural classes."

A long statement of objections, my Lord, was placed before this Council at Simla by my friend the Honourable Mr. Armstrong, who has a great knowledge of this subject, and he was then able to place before this Council details of the figures from England and Germany, and I have no doubt that when he speaks here to-day, he will give again more figures and further satisfy the Council as to the inadvisability of hurrying through this measure. The chief consideration which has induced me to move this amendment is not the question whether the importers of the white phosphorus matches will suffer or not, but the question whether the prevention of the importation of these white phosphorus matches will entail any hardship on the poorer classes of our people. We all know that the 'light-anywhere' matches, as the term has been used elsewhere, are very popular with the poorer classes, because, in the first place, from one box half a dozen or a dozen poor people can satisfy their wants, and in the second place they are not liable to get bad in wet weather. When we consider that most of our poor population wear no other clothes than a little *dhotie* and sometimes less than that, and when we consider the kind of leaky houses in which they live, and their occupations in outdoor work in monsoon, we can easily realize their difficulties, and I think it would be a great pity if these people should be

inconvenienced by any measure of this kind which is not absolutely justified by facts and figures. The safety matches can only light on the boxes and many of the members of this Council may have experienced in the monsoon that in spite of our water-tight houses, we often find, after the first half dozen matches are used, the boxes are no good for the lighting of the matches. How are these poor people expected to buy these empty match boxes for the balance of the matches to light on ? Apart from this, the members of the Select Committee, or at least those who have signed the minute of dissent, tried to get as much information as possible from the Honourable Member in charge of the Bill, and beyond an assertion that all civilized countries in the West had adopted this method, and that at one time in 1906 all civilized countries were agreeable to the convention of 1906, and that at that time it was proved that the manufacture of phosphorus matches was harmful to workers, we could not get any more or any better explanation. But this is insufficient ground ; and, therefore it is not right that we should entail so much hardship on the poor classes of our people. The amendment that I have the honour to move in this Council does not delay the action any longer than is intended under the Bill itself. The Bill, as amended by the Select Committee, provided that certain sections should not come into operation till July 1913 ; so there are fifteen months from now. Is it unreasonable for the members of this Council to ask that within these 15 months—that is before 12 months are over—the Government of India should make enquiries as to the correctness of the assertion whether necrosis had been eliminated or not, and as to the hardship, that the poorer classes would suffer by this Bill, and lay before the council that information. If we are satisfied, and if the Government of India are satisfied that the improvements since 1906 do not justify any change of policy and if the Government of India are satisfied that the poor classes will not at all suffer by this legislation, by all means the whole of this Council will pass that measure unanimously. But why hurry up this measure, and even

pass it by a majority when we have still 15 months before this Act will come into operation? The principal reason given by the Honourable Member in charge of the Bill for taking such a long time for bringing it into operation was this, and rightly so, that generally orders for matches, as a rule, have been placed long ahead of the time of delivery, and therefore it was fair to the merchants that they should give sufficient notice for discontinuing orders. Well, we have got this Bill, passed by the Select Committee, before the Council and before the country, and the merchants of the country have noticed that it is the intention of the Government of India to put this Bill into operation by July 1913; so we give them sufficient notice. So far as that argument is concerned, we meet the objections of the merchants; but we ask the Government of India to meet our objections and those of other members and of the members of the public who feel that more facts and figures are necessary before justification can be made out for passing this measure.

My Lord, therefore, I hope Government will consider this amendment in the spirit in which it is moved and accept this. As I have already shown, there will not be any harm done either to the Berne Convention of 1906 or to the people who are ordering out matches. The Bill does not come into operation till July 1913.

*In the end the amendment proposed was accepted.*

## VIII

## On Recruitment of Indentured Labour

*4th March 1912.*

*At a meeting of the Imperial Legislative Council held at Calcutta on the 4th March 1912, the Honourable Sir Guy Fleetwood Wilson presiding, the Honourable Mr. Gokhale moved the following resolution:*

*This Council recommends to the Governor-General in Council that the Government of India should now take the necessary steps to prohibit the recruitment of Indian labourers under contract of indenture, whether for employment at home or in any British Colony.*

*In seconding the resolution, the Honourable Sir Vithaldas D. Thackersey, Kt., said:*

MR. PRESIDENT,

I rise to support the motion moved by my friend, the Honourable Mr. Gokhale. Only last week the Honourable Home Member, in opposing the Bill brought forward by the Honourable Mr. Basu, argued that one of the principles on which Government would act would be not to countenance any practice that was an outrage upon humanity. I maintain, Sir, that this practice of indentured labour, so graphically described by the mover, is an outrage upon humanity. Apart from this question, may I ask why this practice is permitted? Would our labourers starve if Government stopped this practice? I say, no. Without being charged with vanity, I may claim to know something about Indian labour. I was a member of the Factory Commission in 1908 and in that capacity I went round along with my colleagues throughout India to see for ourselves at first hand the conditions of labour, their habits, their ideas and about their home life and their work. We were at work on this special mission practically every day for six

or seven hours for seven months; and what did we see? Instead of starving, exhausted, servile workmen, we saw independent, healthy, well-paid workmen. The result of the deliberations of the Factory Commission are recorded in the Report issued in 1908, and with your permission, Sir, I will read a few lines from the same. On page 19 the Commission says:

> "The position of the operative has been greatly strengthened by the fact that the supply of factory labour undoubtedly is, and has been, inadequate, and there is, and has been the keenest competition among employers to secure a full labour supply. These two main causes, the independence of the Indian labourer owing to the fact that he possesses other and congenial means of earning a livelihood, and the deficient labour supply govern the whole situation."

Then further it goes on to say:

> "We have also been impressed with the fact that employers are greatly disposed to concede promptly all reasonable demands made by their workers, and even where the demands are unreasonable, to treat them as proposals which it is desirable to accede to, if possible. Great nervousness is frequently displayed by employers of labour as to the effect even of trivial changes on the workers; numerous expedients are adopted to conciliate them and the attitude of the employers throughout appears to be based on the knowledge that the operatives are in fact the masters of the situation."

This is the deliberate opinion of the Commission, expressed after due enquiry and seven months of hard work. Well, Sir, this is the position of our Indian labour, and in spite of that the Government of India felt itself justified to interfere and in this Council brought forward the Bill and carried it through, legalising a maximum of 12 hours for these workmen; and we have to remember that these workmen are free men, free agents, and if the work in the factory was not congenial to them or they find it distasteful, they were quite at liberty to leave the work and go away elsewhere. Then, why should we allow this recruitment, which according to the description of the mover, and according to all the facts that we know, is nothing more, nothing less, than practi-

cal slavery? It has been said and mentioned also by the mover of this resolution that if the penal contract was not allowed, the labourers would not get the work and the colonies would not employ them. My reply is so much the better for India and for the labourers themselves. India can provide work for all these labourers that are going there, and for more than that. Then he said that they are better paid. They are getting a shilling a day or Rs. 22 a month (Mr. Gokhale tells me the average is Rs. 12 a month). The Factory Commission says on page 22:

> "That ordinary hands in card and frame departments earn from 7 to 18 rupees, head spinners from Rs. 25 to 35, millhands up to Rs. 16, and weavers from Rs. 18 to Rs. 35 a month."

These are the wages at present paid in India against an average wage of Rs. 12 in the colonies to those indentured labourers. But, Sir, even if we grant that these people are slightly better paid, are we to allow people to barter the freedom of our men and women for a few coppers? It has been already said by the Honourable Mr. Gokhale that it was the English nation that spent millions and millions of pounds sterling to eradicate slavery. Now India is about to sacrifice 7 to 10 crores of rupees every year out of the opium revenue, in order to save a foreign nation, the Chinese, from the harm that the use of opium does them. This amount, if capitalised at only 3½ per cent per annum, would mean about 300 crores of rupees for us. If India can afford to sacrifice such a large amount for a foreign nation, certainly, if need be, it can provide food for the few that are going to our colonies. Then Mr. Gokhale has also said that it is not only the question of hard work to these labourers, but it is a question of dignity to us. When we find nations all over the world pointing out a finger to India as the only country in the world where this practical slavery of their men is tolerated, it boils our blood, if I may be permitted to use the sentence.

Sir, I would only mention this in conclusion, that it is an irony of fate that we in this Council should have any occasion to

approach the Government of India, and through the Government of India the British nation to abolish this practical slavery—a nation, which has, as I have said, spent millions and millions in the past, and a nation that to-day is willing to risk the prosperity, the hardship to the poor and the very defence of the country, rather than interfere with the freedom of the coal miners by legalizing them to work and be reasonable. Sir, I think the time has come when the Government of India might accept this proposition and do away with the practice.

NOTE : *The resolution was rejected by 22 votes to 33.*

## IX

## On additional New Loan for Opium Fund.

*7th March 1912*

*At a meeting of the Imperial Legislative Council Sir Vithaldas D. Thackersey made the following speech in support of the following resolution moved by the Hon'ble Mr. Gokhale on the 7th March 1912:*

*Resolution: That this Council recommends that the amount of the New Loan for next year be raised from £. 5,925,300 to £. 7,925,300 and that the extra two millions be set apart to constitute a new fund to be called the Opium Fund, or in the alternative, be devoted to non-recurring expenditure on education, sanitation and medical relief.*

MR. PRESIDENT,

I support the resolution moved by the Hon'ble Mr. Gokhale. On the face of it the resolution sounds somewhat alarming to a financier, because it says that instead of raising 5 millions we should raise 7 millions. When we know the difficulty of raising money, it is very alarming to hear that we should try to raise two millions more. But as Mr. Gokhale has explained, his object is not to raise extra money but to keep the capital debt the same, and to utilise the 2 millions as a nucleus of a fund for future emergency. That being the real object, Sir, I think it is a great advantage to keep these two millions as a reserve, particularly when we know that the method at present followed by our Finance Member, perhaps under the orders of the Secretary of State, is that we pay out of current revenue all the capital debt for railways in the shape of annuities. The capital debt which is paid off by annuities during the year is, as Mr. Gokhale points out, £ 800,000 and in addition to them every year's surplus is also devoted to the

redemption of debt. The effect is that, whenever there is a surplus, that surplus is devoted to the reduction of capital debt, and whenever the Finance Member anticipates a deficit, he comes forward with extra taxation. I quite realise that it is difficult to estimate in a large country like India the exact estimates; they may vary 2 or 3 crores this way or that way, and the Finance Member naturally is overcautious in order to see that at the end of the year, he has not to show any deficit. But when this overcautiousness brings in a surplus it ought to be utilised for relief in the next year, or in future years, rather than in the reduction of debt.

It is unfair to the tax-payer that we should put on large taxes for the reduction of debt and when deficits come in we should still put further more. That is to say, the tax-payer is taxed in good years far beyond the requirements of the administration in order to produce a surplus. In bad years his burdens are still further increased to make the two ends meet. It is obvious that this is hardly just. The first principle of sound finance is that the State should take as little as possible from the subject consistently with the requirements of the country. I am afraid our policy amounts to a reversal of this maxim and that we really proceed on the principle of taking as much from him as possible. Now Sir, no man of common sense would say that the discharge of debt is not the most important duty of a Finance Member, but surely there are well-recognized rules by which this ought to be regulated; otherwise the Finance Member may increase taxation to any extent, put an additional rupee on salt, raise import duties, and scrape every penny he can from other sources and devote the whole of the yield to repayment of debt. What I suggest is that we should take stock of our position, find out what the exact amount of our debt is, and establish something like a proportionate sinking fund on scientific principles. So far as I have been able to gather, our total capital debt is £. 278 millions, of which only 33 is unproductive while the rest is productive, such as on Railways, Irrigation, and loans to

local bodies, etc. The interest charges on the unproductive portion of 33 millions is at 3½ per cent. £ 1⅛th million. The net profit on productive debt after providing interest and working expenses is over 2½ millions; so that if we take our debt transactions as a whole, as they ought to be taken, we have a net surplus amounting to £ 1⅜th million or over two crores of rupees. That is a very sound financial position and there is no necessity whatever for raising further amounts by taxation for the repayment of the debt. At present we have already been paying out of our revenue over £ 800,000 or nearly 1¼ crores in the shape of annuities for the redemption of capital debt, and at this rate the whole of our unproductive debt, 33 millions, would be wiped off within one generation. I am not taking into consideration the 75 lakhs of rupees that we provide every year out of revenue for famine insurance. What more can we expect one generation to pay? Mr. President, it may be said that those two millions with which we are now dealing is a windfall from opium. But, Sir, I will remind the Council that last March extra taxation was put on the country with the avowed purpose of making up any loss from opium. The non-official members clearly showed that opium-revenue was under-estimated and that additional taxation would result in a large surplus at the end of the year. Therefore, there is nothing of a windfall about the surplus which is clearly the result of the new taxation, and it is the surplus occasioned by this new taxation, which it is proposed to devote to reduction of debt, which I say is hard upon the tax-payer. I beg, therefore, that Government will see their way to make the two million pounds a nucleus of a reserve fund to be drawn upon in case of future deficits before imposing extra taxation.

With these few words, therefore, I support the proposition of the Honourable Mr. Gokhale.

## X

## On Gokhale's Elementary Education Bill

*18th March 1912.*

*The Honourable Mr. G. K. Gokhale moved the following resolution:*

*"The Bill to make better provision for the extension of Elementary Education be referred to a Select Committee, consisting of ....."*

*The Honourable Sir Vithaldas D. Thackersey in supporting the motion spoke as follows:*

I beg to support the motion of my honourable friend Mr. Gokhale who had called attention to the fact that the Bill has received a remarkable volume of support from the non-official community, both Hindu and Muhammadan. He has pointed out that the opposition to the measure has come almost entirely from the officials and the Local Governments. I am surprised that this should be the case, because the subject with which we are dealing is not one which affects the prestige or powers of Government. It is acknowledged on all hands that the greatest danger to good government arises from the ignorance of the masses. I cannot help being reminded of a curious parallel when I think of the attitude of the Government towards this Bill. Government have passed laws and adopted measures to protect the raiyats against the consequences of their ignorance in their transactions with money-lenders and landlords. I need only name some of these measures on this occasion. They are all well-known and much discussed measures. On the Bombay side we have the notable instance in the Daccan Agriculturists' Relief Act, which empowers Government to release forfeited land, on a limited tenure. In the Punjab we have the Land Alienation Act designed to prevent land

passing out of the possession of the cultivating classes. I believe that the courts are also authorised to go behind the letter of the contracts, to which cultivators are parties, in order that no undue advantage is taken of their ignorance. All these are measures necessitated by the illiteracy and consequent helplessness of the masses. But though Government have done so much to protect the illiterate masses, they were reluctant to adopt the only effective means of removing the root cause of their helplessness, namely, their illiteracy. This reminds me as I said, of the physician who went on prescribing for the symptoms of his patient, quinine for malaria, opium for diarrhœa, and some other medicines for headache, while the root cause of the ailments, namely, residence in a malarial swamp, was totally neglected. If he had simply advised his patient to remove to a healthy locality, he might have spared himself all the trouble and the patient the suffering and expense. Government are ready to interfere with the freedom of contract and to spend lacs of rupees in measures to prevent other people from cheating the raiyats. But they fight shy of a very modest Bill as that of my honourable friend to make the raiyat able to take care of his own interests without extraneous assistance. Can it be denied that if our raiyats were not so hopelessly illiterate, some at least of these measures would be unnecessary? Is there any doubt that in so far as the provisions of this Bill are found capable of application to any particular locality, in that locality there is bound to be a steady diminution of illiteracy in course of time? I should like here to guard myself against a possible misunderstanding. I do not for a moment question the anxiety of the present Government to promote measures for the rapid spread of education. No one can do so after the substantial proofs which Government have given by their liberal grants and after the striking statement of the Honourable the Finance Member who told us of Your Excellency's heartfelt interest in education. What I respectfully urge upon this Council is this, that in every other civilised country purely voluntary measures, however

liberally supported by Government, have proved ineffective in bringing about real mass education, and that it is high time we made a beginning in the direction of the compulsory principle. Of course, it is said that the country is not ready for a Bill of this kind. My contention, on the other hand, is you can never know whether the country is ready or not except by means of a measure of this kind. At present there is only the bare statement of local officials against the weighty testimony of, I think I am right in saying, the majority of the elected representatives of the people in this Council. My honourable friend does not ask that compulsory education should be introduced at once throughout the country. He has provided ample opportunities for Local Governments to determine whether the provisions of the Bill should be applied or not to any place, and it would be impossible to apply those provisions to any place against the wishes of local authorities. What more can the local authorities desire? Surely it cannot be seriously contended that there is not a single suitable locality in the whole Indian Empire, after a century of British rule, where the experiment can be tried. I may take this opportunity of assuring this Council that it is not through any lack of appreciation of the excellent work of Local Governments in the educational field that I make these remarks. In my own Presidency, for example, educational questions have largely occupied the time and attention of His Excellency Sir George Clarke and I am sure I am echoing the sentiments of the Bombay Presidency when I say that His Excellency's labours for the advancement of education of all kinds have earned for him the undying gratitude

with my remarks on the advantages of the Bill, the fate of which perhaps has already been settled by the Honourable the Education Member. In conclusion, I will only say that it will be a great disappointment to many hundreds, not to say thousands, of intelligent, educated and responsible citizens outside this Council if this extremely cautious and moderate Bill were to be rejected by us in deference to, I admit, the strong but not very weighty oppositions of the Local Governments.

NOTE.—*The motion was rejected by 38 to 13.*

## XI

## On the Gold Standard Reserve.

*22nd March 1912*

*At, a meeting of the Imperial Legislative Council held at Calcutta on Friday, the 22nd March 1912, His Excellency Lord Hardinge presiding, the Honourable Sir Vithaldas D. Thackersey moved the following resolution :*

*"That this Council recommends to the Governor-General in Council that a substantial portion of the Gold Standard Reserve be held in gold in India."*

MY LORD,

This question has been threshed out so often in the past that I will not attempt to weary the Council with any lengthy remarks on this subject. All the Chambers of Commerce have times out of number demanded that our Gold Standard Reserve should be held in gold in India. They have more than once pointed out the danger of either diverting any amount of this to any other purpose or of investing it permanently in gold securities. They have further pointed out that in case of panic or war, the gold may not be available to us when we badly want it, and in that case, it might be difficult, if not absolutely impossible, for India to maintain a Gold Standard. In these days, when the sensitiveness of the money market has become proverbial it is easily conceivable how great will be the loss that the people of this country would suffer, and to what great extent the prestige of the Government would be lessened, if there was the slightest reason to doubt that the gold in the Gold Standard Reserve may not be readily available to maintain the Exchange. All the

labour of years in creating confidence in the outside world will be lost in a second. And for what purpose is all this risk incurred? My friend, the Honourable Sir James Meston, who has always proved himself a capable and sound financier, and whose elevation to the Lieutenant Governorship of the United Provinces is a matter of gratification to all of us, presented last year to this Council what he called the other side of the shield. He said that gold was located in London to simplify the duty of the Government of India in maintaining the gold value of the rupee, as when required to support our exchanges it would be immediately available. It had been mentioned, moreover, in the reply from the Government of India to the Bombay Chamber of Commerce in May 1907 that holding liquid gold in India would entail loss of interest which we at present earn by investment in gold securities. I will therefore, with Your Lordship's permission, deal also with this argument. The reply to the first argument is that the location of gold in India will not at all make the duty of the Government of India any more difficult in maintaining the gold value of the rupee. The call on this reserve is made only when it is required for export, and it will be as easy for the Government of India to deliver gold in India to those who want it in exchange for rupees as it is easy for the Secretary of State to deliver gold in London. If gold is required by the Secretary of State when he cannot sell Council Bills, it can be exported almost immediately. As to the second argument about earning interest, I need only repeat what has been so often and so unanimously said by all the Chambers of Commerce in India and by others who can speak with authority on this subject, that Government are taking a very great risk by this procedure. So long as things move smoothly and no storm breaks, this kind of investment may bring us some income; but it must not be forgotten, as the Bombay Chamber of Commerce wrote to Government in 1907, that the Gold Standard Reserve is being maintained for the sake of serious emergencies and that, should such emergencies arise, it might very easily

happen that it will be extremely difficult to realise rapidly the securities in England. Indeed, the state of the money market brought about by the very emergency would probably be considerably aggravated if it entailed the realising of a large quantity of British securities, whereas if the reserve was a metallic one the position could be at once relieved. My Lord, India is not the only country which has to maintain a metallic reserve of gold. The United States Treasury has the largest stock of gold held by any country in the world. On 31st December 1910, it amounted to over 233 millions sterling—over eleven times our Gold Standard Reserve. Does the United States Government invest it in gilt-edged securities? In the same way France and Russia have large gold reserves—certainly many times more than our reserve. Why do they not invest them? They rightly realise that their credit and honour and existence stand upon the gold reserve and they know that it may be required at any time in an emergency. I wish to speak with great respect of the Secretary of State's advisers. They are eminent and honourable men, but it is only necessary to mention the positions they occupy in the world of London Finance to show that human nature being what it is, they cannot be expected to be wholly free from a certain bias. Lord Inchcape is a Director of the National Provincial Bank of England, a very powerful bank. Sir Felix Schuster, Bart., is a Director of the German Bank of London, Limited, and also a Governor of the Union of London and Smith's Bank, Limited. Mr. Lawrence Currie is a managing partner in Glyn, Mills and Currie, Limited,—a large and powerful private banking house. All these institutions are on the list of approved bankers and private individuals with whom according to the Honourable Finance Member all our cash balance is invested in London. Are the financiers of this Government less alert than the Secretary of State's advisers? But, my Lord, against the advice of these three eminent London financiers, the Secretary of State has before him the unanimous recommendation of independent

experts well qualified to give sound advice on this subject who constituted the Indian Currency Committee over which Sir Henry Fowler presided. This recommendation was to the effect that any profit made on the coinage of rupees should be kept in gold as a Special Reserve. The Secretary of State is therefore incurring a very grave responsibility in disregarding independent advice.

But, my Lord, this does not exhaust our cause for complaint. In addition to our Gold Standard Reserve, the Secretary of State has withdrawn 8⅓ million pounds of our Paper Currency Reserve and many million pounds more out of our treasury balances over and above his budget requirements. The cash balance in the hands of the Secretary of State in London in January 1912 amounted to 17¼ million pounds sterling, and this year till the 20th instant the Secretary of State has drawn 3½ million pounds in excess of this year's requirements for Home Charges, and still we have ten days to run in this financial year. What is the object in withdrawing such large amounts from India? In reply to the Honourable Mr. Armstrong's question in Simla in September last inquiring whether much larger cash balances were now held in the Home Treasury than formerly, and if so, the reasons for this, the Honourable the Finance Member gave, amongst other explanations, 'the heavy sales of Council Bills and telegraphic transfers in excess of the requirements of the Home Treasury.' My Lord, this explanation explains nothing. It is only a paraphrase of the question. In busy seasons, while India clamours for money, and while the bank rate of interest on the security of Government Paper goes up to 8 per cent per annum, while the industry and commerce of the country suffer by the high rate of interest and sometimes find difficulty in getting money at all, the Secretary of State keeps millions and millions of our cash invested by him at a nominal rate of interest with the London bankers and financiers. A more unsatisfactory policy it is difficult to conceive. If even a portion of the amount lying in

London had been available with our bankers here, the present stringency of the money market would not have arisen and the commerce and industry of the country would greatly have benefited. Apart from the interests of commerce and industry, which must be dear to us, is it to the interest of Government itself and to the credit of India that such monetary stringency should be allowed to happen when we have the means of relieving it? Is it to India's credit that on the security of its own promissory notes the holders should have to pay in the busy season a high rate of 8 to 9 per cent per annum, which is more than double the rate paid by Government? How can we expect under such circumstances that Government paper should be more popular? In England everyone, from the Chancellor of the Exchequer down to the humble banker and financier, is seriously concerned about the steps to be taken to make the British Consols more popular. At present that is the principal topic in England. We in India export our available capital to London and starve our banking institutions to the detriment of the popularity of our own paper. If means can be adopted by which we can prevent the enormous rise of the rate of interest in the busy season, I am sure, and that is the opinion of many bankers, that the price of Government paper would stand at a much higher figure than at present. Apart from this consideration, we have to bear in mind that this periodical tightness of the money market is a great hindrance to our industrial progress. Violent fluctuations are always to be deprecated. In Great Britain, while the bank rate varies from 3 to 5 per cent in the busy season,—a difference of 2 per cent—in India it varies from 3 to 8 per cent—a difference of 5 per cent. I find from the reply to-day that about 2½ per cent is the average rate of interest with the London financiers.

My Lord, this craving for India's money in London is so great and the Secretary of State is so much influenced by the London money market that this Council to-day may be said to be one of the biggest financial houses in London. It is impossible

to describe the financial operations of the Secretary of State's Council in better words than those used by Lord Morley himself who, on May 10th last, was the principal guest at the annual dinner of the English Association of Bankers. It is a reported speech. He said (after dinner) : This is not an after dinner topic but I may as well speak of it if you will allow me :

"I think that even many of you, experienced men as you are, will be rather astonished at the magnitude of the India Office figures. The cash balance at the present term is £18,750,000, not rupees, but pounds—and of that £8,350,000 is placed on deposit at 2 to 3 months' credit, and nearly £10,000,000 is lent to first class firms on unimpeachable security from three to five weeks' notice. The maturing and re-lending of these sums cause a cash business which amounts to £60,000,000 a year. There are other details with which I will not burden you, but the India Office is responsible in the year 1910-1911 for £160,000,000 (240 crores of rupees). There are other details of further management of accumulated funds of Gold Standard Reserve in this country which amounts to upwards of £17,000,000 and of Paper Currency Reserve which amounts to £7,500,000. It is obvious, gentlemen, that the influence of the money market on the movement of these very large sums must be considered, and large temporary and permanent investments of Indian balances of various kinds must affect, to a very considerable degree indeed, the rate of discount and the movement of the prices of securities. I only venture to bring that to your attention as showing how deeply you are concerned in the prudent judicious management of the finances of the India Office."

His Lordship continued :

"I only bring that before you in order to prevent anybody in India saying 'Ah! you have these enormous figures, this £160,000,000 but you are dealing with their figures. Yes, we are dealing with their figures in a sense, but we are dealing with British capital for the most part. However, that may be, we are dealing with it to the enormous material advantage of the population concerned."

My Lord, the passage which I have quoted shows clearly that the India Office, in addition to its regular duties as a supervising agency, has undertaken the duties also of being a great

banking house for financing the London money market. 160 million pounds, as Lord Morley says, is an enormous figure and it is not to be expected that those who control these investments will be easily persuaded to relax their hold on our money and leave it free to return to India. I realise, therefore, that the Secretary of State may have to face a very strong opposition before he could consent to the proposition which my resolution embodies. But I am confident, knowing as we do now so much about Lord Crewe after his recent visit to India and his desire to do everything in his power to advance Indian interests, that he will stand up for India's right against such opposition.

Lord Morley anticipated a natural objection from India that he was dealing with our figures, and went on to reply that he was dealing with British capital. This is surely a novel statement.

The whole of our Gold Standard Reserve, amounting to nearly 18 million pounds, which is in England, is the accumulation of our profits on the coinage of rupees. We have circulated amongst the people a rupee with an *intrinsic* value of only ten annas and the balance of annas six is carried to the Gold Standard Reserve. Is this British Capital? Then, again, we have 2¾ million pounds of our Paper Currency Reserve invested in England in addition to £5½ millions in gold ear-marked for the paper currency. Is that British Capital? Then, again the large cash balances of the Secretary of State accumulated by the heavy sales of Council Bills and Telegraphic Transfers in excess of the requirements of the Home Treasury. Is that British capital? I fail to understand the cogency of this argument. If you say that because India raises loans for railways in England and therefore you should invest all these funds there, I would ask, are the loans raised there on business principles and do those who buy our paper do it as a sort of investment for themselves or are they doing it to oblige us? Do Canada, Australia, South Africa and other British Colonies not raise loans in England? Do they maintain in England a financial house to finance, out of their own surplus

money, the London market, or do they use their money for the development of their country ? The same argument applies to the loans raised by other foreign countries in the London market.

My Lord, if our Gold Standard Reserve is kept in India in gold, we may be able in times of emergency to be of service to the London money market, while under the present policy, in times of emergency we may increase their difficulties by our necessity to withdraw gold. A big money market like London will not be adversely affected by the gradual withdrawal of gold in normal times, but in times of trouble it may feel the pinch. With our gold in India, London will keep its necessary stock of gold in the usual way, and in times of trouble we can help them with our gold, which will be an extra reserve. So looking from the point of view of England itself, it is an advantage that our gold should remain in India. There is a further advantage if our gold reserve is in India. Government have tried to popularise currency notes up to the value of Rs. 100. They have not been able to make all currency notes universal because of the difficulty of meeting the demand of coins on presentation. With a large quantity of our gold in India and distributed in all important centres in addition to the currency reserve, our power of successfully meeting any demand for coins will be enormously increased. As years pass and people get more and more used to gold coins, it may be possible to make all currency notes universal. It will be an enormous advantage to trade and commerce, and at the same time it will still further popularise paper currency and largely increase its circulation. Those requiring rupees for small business will get them by tendering gold coins just as they get small change and copper by presentation of rupees. Time does not permit me to develop up this argument any further, but I hope I have been able to show that it is to the advantage of both India and England that our Gold Standard Reserve should be held in gold in India.

*In the course of the debate that ensued, the Honourable Sir Vithaldas D. Thackersey, Kt., made the following observations by way of reply.*

My Lord, I very much regret that Government are not willing to accept my resolution. I shall not long detain the Council in reply to the several arguments advanced by the Honourable Finance Member because the impression left on my mind at the end of his speech was that the arguments he advanced against the proposition were so weak that I need not go into the details of them. I only, therefore, touch two or three points in his speech. He said that the policy that was followed in London was the policy of the Secretary of State in Council and not of individual members. I did not at all say in my speech that it was not so. The policy, of course, is the Secretary of State's policy ; but what I pointed out was that the Secretary of State was advised by people who had also other than India's interests to guard. The statement which the Honourable Member has placed before us in reply to my Honourable friend Mr. Armstrong's question clearly confirms my contention. It shows that over 10½ million pounds sterling have been lent to approved, not necessarily joint-stock, banks, and that about 3¾ millions have been deposited with approved banks. On three out of the six approved banks as mentioned in the statement, the Secretary of State's advisers sit as Directors or as Governors. I leave it to the Council to judge whether a man can act in two positions justifiably. If we put the Managers of the Bank of Bombay and the Bank of Bengal and the Bank of Madras on Your Lordship's Council, I am quite sure they will give strong reasons why our money should be brought here, and they will point to the Honourable the Finance Member the excellent securities on which these funds can be lent. I have not the slightest doubt that our money in England is being lent on good securities ; but I say that we can lend money also on good securities in India with advantage to ourselves. I will just read a few lines, from a report published in the *Times of India*, of an incident

during an instructive discussion of Indian Commerce following a well supported dinner of the London Chamber of Commerce at the Trocadero in February last, which shows how things move ;

> "Soon after we had a somewhat amusing reminder that, in monetary matters at least, the sense of reciprocal obligation to India is not so strong as it might be on the part of those who represent City Banking interests on the India Council. Giving as a reason for the inadequacy of the flow of British capital into India, the existence even now of the old prejudices having their origin in the instability of the rupee, Sir Felix Schuster, Member of the Secretary of State's Council, said that the duty of Government was to support the policy their predecessors laid down by building up their currency reserves in times of prosperity, so that exchange might stand severe tests such as that through which it passed two or three years ago. Some one (I think it was Mr. G. W. R. Forrest) called out, 'Yes, build up the gold reserve in India'. The shaft went home, and Sir Felix, thrown off his habitual guard, made a remark which he would much rather have left unsaid, as was clear from the incompleteness of his sentence: 'Not only in India' he retorted, 'but on our side as well; we can do with it here, and I sometimes wonder.....(he left the sentence incomplete)."

My Lord, we say we can do with it here to the greater advantage of India.

Then the second point in the Honourable Member's speech was that if we brought all our gold in India, when the balance of trade went against us, we should have to export gold, and that would be a great inconvenience to merchants. I admit the cogency of the arguments so far, but during the last 11 or 12 years, how many times have we had to send gold to England ? It was only in one year, in 1908, and every other year we have been accumulating our Gold Standard Reserve. Only once in 11 or 12 years if there is any occasion for merchants to export gold, that cannot be called any great inconvenience compared with the great benefit which India would derive with a gold reserve here. Then he said that merchants would prefer telegraphic transfers

instead of exporting gold. I did not propose that we should export gold always. In the usual way the Secretary of State would draw on India his Council Bills, and the money necessary to be sent out to England for home charges would be drawn in the usual way, and for that purpose you have not to export gold. It is only when the balance of trade goes against us that the occasion will arise, and that is very rarely, say once in 15 or 20 years. Again we are told that the Secretary of State has taken full responsibility for the present policy. Well, that does not satisfy us. Whoever may take the full responsibility, the every-day loss is ours, and we are not quite satisfied by simply an assertion that those who manage our currency and our reserve, assure us that in time of war or emergency, our gold will be made available. We say we want it here, it is our gold, and it ought to remain here. I have already pointed out in my speech that all civilized countries in the world have gold reserves, and I will give you a few figures; United States Treasury 233 million pounds; Russia 130 million pounds, France 131 million pounds; Australia 55 million pounds, Bank of England 31 million pounds, and so on. The real reason is that the gold reserve in the London Bank is so low that they cannot afford to send our gold here. We must recognise this; it is no use arguing against facts. The London Gold Reserve is only 31 million pounds; and the London financiers fear that they might be inconvenienced. My personal opinion is that they will not feel the pinch if we withdraw our gold gradually. At the same time they will feel the pinch more if we have to withdraw our gold in times of emergency, and it is for England's sake also that our gold should be here. At least twice or thrice the Bank of England had to go to France for gold. Well, it would increase the prestige of Great Britain to come to India for gold rather than go to France or any other foreign country for gold in times of emergency. My Lord, although Government may not be able to accept this proposition as a whole, I hope the Government of India will take seriously into

consideration the position in which the industries are placed in India in the busy season owing to the rise in the rate of interest. I have already said that the Bank rate goes up to 8 or 9 per cent. I will read to you a paragraph from the speech of the Honourable Sir James Begbie, who is the senior banker in India, and whose excellent work has been recognised by Government only the other day by honouring him. He said:

> "You also know that as regularly as one season succeeds another, bank rate rises from the minimum in the monsoon months to its maximum in the winter and spring months, and that the maximum may be anything from seven to nine per cent, nine per cent being the highest point for a good many years past. It is inevitable under conditions in India that this regular waxing and waning of bank rate should occur, but is it inevitable that the movement should be so extreme and especially that the rate should be so constantly forced to such high levels? I think not. The greatest factor in forcing up the rate is the great volume of money that is taken off the market by Government and locked away in the treasury vaults. That money is released only in bulks through payments for Council Bills, that is, after the public have either voluntarily sold their produce for export or been obliged to part with it under the pressure of high bank rate as frequently happens."

I hope the Government of India will seriously consider this position, and devise some policy by which the bank rate may not go so high. Even our high cash balances in India might be utilised for the purpose, but the rate of interest in India ought not to rise above 5½ or 6 per cent.

My Lord, I think the question is of such great importance that I hope the Council will accept my resolution.

*On a division, 24 members (all non-officials including one European, the Honourable Sir Cecil Graham) voted for the resolution and all the officials, 33 members, voted against the resolution.*

*So the resolution was rejected.*

## XII

## On Free Coinage of Gold in Indian Mints

*22nd March 1912*

*The Honourable Sir Vithaldas D. Thackersey moved the following resolution :*

*That this Council recommends to the Governor-General in Council that the Indian Mints be now thrown open to the free coinage of gold in coins of suitable denominations.*

MY LORD,

Last year in my Budget speech, I recommended the throwing open on the Indian Mints to the free coinage of gold, and I proposed the minting of gold coins of Rs. 10 each. My friend, the Honourable Sir Guy Fleetwood Wilson, was good enough to say that Government would give due consideration to that proposal. The country has not heard anything further as yet from Government as to their intention in the matter, though we have had a great deal of animated discussion both in England and in India upon my proposal. Those who have attacked my proposals most vehemently, like the *Statist* for example, have totally misapprehended it to be something new and unheard of before. As a matter of fact, however, there has never been the least doubt that the goal of our currency policy is a Gold Standard with a Gold Currency. The only reason which weighed with the successive Committees and Commissions which had been appointed to report on our currency in not recommending the immediate introduction of a gold currency was the want of gold and the difficulty of securing it except by raising a very big gold

loan. Let me quote the words of the Indian Currency Committee of 1898. They observed :

"We are in favour of making the British Sovereign a legal tender and a current coin in India. We also consider that, at the same time, the Indian Mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as governed the three Australian Branches of the Royal Mint."

That was in 1898. At the Council Meeting of the 25th August, 1899, the Honourable Mr. Clinton Dawkins, the then Finance Member, in asking permission to postpone the motion for leave to introduce a Bill further to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882, said :

"The Bill is intended, I may say very shortly, to give effect to the recommendations contained in the report of the Indian Currency Committee which have been endorsed by the Secretary of State and are generally accepted by the Government of India. Those recommendations include making the sovereign legal tender at the rate of Rs. 15 to one sovereign and will provide for the coinage of gold in India."

And again on the 8th September 1899, while introducing the said Bill, he said :

"The measure of transcendent importance before us is to place the currency of India on a gold basis and a stable exchange. To provide for actual striking of gold coinage at an Indian Mint is really a corollary, and no practical inconvenience will arise from a short delay. We could not proceed to strike coin until we receive the necessary machinery that has been ordered from England."

He further went to say :

"Into the arguments of a Gold Standard and a Gold Currency, I think no one will expect me to enter. The arguments for and against have been exhausted, and Government is proceeding on the condition that no other measure would save India from disastrous embarrassment."

That was in 1899. Then again in 1900, Sir Clinton Dawkins in the Financial Statement made these remarks :

"It has been decided to constitute a Branch of the Royal Mint at the Bombay Mint for the coinage of gold. The terms of the Proclamation,

to be issued under the Imperial Coinage Act, have been settled, and we are merely waiting now, until the Royal Mint has satisfied itself as regards the Mint premises and appliances at Bombay. A representative of the Royal Mint is starting this week for Bombay to report. The gold from the Mysore mines is indeed already reaching us in anticipation of coinage, and we count upon receiving an annual increment to our stock of gold of from 1½ to 2 millions from this source. And may I perhaps express satisfaction in passing that we have been able to assist the Indian Gold Mining Industry by saving it the freight and charges incidental to the transmission of its gold to London."

Sir Clinton Dawkins when he made this announcement, was speaking not only on behalf of the Government of India but also on behalf of the Secretary of State. For we find that in 1900 the Secretary of State for India was so thoroughly convinced of the necessity of introducing and popularising gold coins that in a despatch dated the 24th of May of that year he remarked :

"To make the use of gold coins more popular and especially among the class of people for whom a coin valued at Rs. 15 is an unduly large unit, it may be desirable for your Government to coin gold pieces of three or five rupees at the Calcutta Mint which should be made legal tender but would be issued altogether irrespectively of the branch of the Royal Mint at Bombay."

The Government of India circulated the despatch and asked for the opinion of the Chambers of Commerce. In reply the chairman of the Bombay Chamber of Commerce, on the 10th July, 1900, said :

"The matter having received the careful consideration of the Committee of the Bombay Chamber of Commerce, I am to say that they approve of the proposal as they consider it would assist in popularising the gold coinage in India."

He further said in conclusion :

"While on this subject the Committee desire respectfully to suggest that, with the view to making the present gold currency more popular in India, Government should consider the advisability of issuing new gold coins stamped as follows :

£ 1 or Rs. 15.
Sh. 10 or Rs. 7½."

The Bombay Chamber of Commerce in their letter to the Government of India, dated the 1st February 1907, wrote :

"They fully appreciate the difficulties which Government have experienced in providing and financing the large reserves of silver which it has been found necessary to hold in anticipation of fresh coinage ; and they instruct me to suggest the desirability of adopting measures to secure a larger use of gold in the currency circulation. An increased use of gold coins as currency would, in their opinion, tend to reduce the quantity of silver bullion or ingot reserves which need be held and would also minimise the difficulties connected with the provision thereof."

The Government of India were satisfied with this representation, and in their letter dated the 4th May 1907, in reply to the Chamber of Commerce, said :

"The question raised by the first of these proposals (namely, the more extensive circulation of gold) is one to which your Committee rightly attach the highest importance. The Government of India have never concealed from themselves the inconvenience attending a gold standard which is not accompanied by an effective gold circulation, and they are in full accord with the view that a more general use of gold among the people would simplify the task of directing a managed currency."

The Honourable Mr. Webb, the Chairman of the Karachi Chamber of Commerce, in his very able memorandum on the Indian Currency, has clearly shown the disadvantages of the State management of the currency and has given very instructive facts and figures in support of the gold currency. From these it will be seen that the expert Committees and Commissions, the Secretary of State, the Government of India and the commercial communities have all been unanimous in their opinion that the introduction of a gold currency is the only solution of the difficulties that are inseparable from the present state-managed gold standard system.

My Lord, events that have happened within the last twelve months confirm me in the view which I took last year of the urgent need of throwing open the mints to the free coinage of gold.

Indeed, every day that passes involves a loss to this country and adds to the difficulties in the way of the introduction of a gold currency. That is why I have ventured to bring forward this resolution. We have now a favourable opportunity, and if we take advantage of it, our success is assured. We are getting in the Government Treasury more gold than we can conveniently hold. Practically the whole of our Gold Standard Reserve is either in gold or invested in gold securities. We hold in gold as much even of our reserves against the Paper Currency as can be held consistently with our liability to meet our obligations to pay silver coins in exchange for currency notes, and the reserve of silver coins has reached such a low level, only 14 crores of rupees against 47 crores mentioned by the Honourable Sir Guy Fleetwood Wilson the other day, that unless we make provision for gold coinage, more silver coins shall have to be minted at an early date. Since 1907 no new additions have been made to the country's rupee currency, and the demands during the last five years of the expanding trade of the country have been undoubtedly met partly by the circulation of gold coins, thus rendering it possible to do without coining more rupees. Unless Government facilitate the reception of gold coins by the public by some such measures as those suggested in my resolution, they will have to coin rupees as the only means of meeting the demand for metallic currency. This view is supported by the remarks of my friend the Hon'ble the Finance Member in his speech on the Financial Statement for 1912-13. The Hon'ble Member said :

> "The adverse balance of trade in 1908 has forced us to draw on our Gold Standard Reserve in defence of exchange and against the gold thus released we had received and withdrawn from circulation in India the enormous quantity of 120 million rupees. Mainly through this cause our rupee reserves at the beginning of 1909–10 were enormously strong ; between our Currency Chests and the silver branch of the Gold Standard Reserve we had altogether 47 crores at our command, and in the strength of that accumulation we have been meeting all demands

upon us ever since. The absorption of rupees in the intervening three years has been about 32 crores; and by whatever test the figures are tried, it is clear that the demand has been less active than in the earlier years of the century, when the resources of our mints were severely strained to meet the calls of trade for silver currency."

These are the remarks of the Hon'ble Member.

The absorption of 32 crores of rupees in three years gives an average of about 11 crores per year. When we consider the absorption of rupees in years previous to 1907, we come to the conclusion that 11 crores is not a high figure. From 1900 to 1907 the net addition of rupees to our currency was 84¾ crores of rupees, giving an annual average absorption of about 10½ crores of rupees.

Against 47 crores of rupees at the command of Government in 1909, we have only 17 crores at the present moment—14 crores in the currency chest and 3 crores in the Gold Standard Reserve. The circulation of our currency notes amounts to over 55 crores of rupees, and I am sure my friend the Hon'ble Sir Guy Fleetwood Wilson will agree with me when I say that the amount of 17 crores of rupees is by no means larger than the minimum necessary to enable Government to meet its obligation of paying rupees on presentation of currency notes. If this is the present position, may I ask the Hon'ble Member how he proposes to meet the future demand of metallic currency except by coining new rupees, unless my resolution is accepted, and our mints are thrown open to the free coinage of gold? If you coin more rupees, you will be thereby making it still more difficult than it is to introduce gold currency which is the goal we have in view. If, on the other hand, you throw open the mint to the free coinage of gold, I feel sure that in the present circumstances the country will avail itself of the right very freely and thus reduce, if not prevent, the necessity for coining more token rupees. There is a further argument why we should try to avoid as much

as possible any unnecessary addition to our rupee currency. In dealing with the question of high prices, my friend the Hon'ble Mr. Gokhale pointed out to this Council four years ago how the unusually high additions to our total silver coinage during the three years 1903-07 must have had a considerable share in sending up the level of prices. I am inclined to agree with my friend that a sudden inflation of the country's currency has a tendency in that direction, and I hope that he will in connection with this resolution develop this part of the argument. Let me make myself clear on one point. I do not suggest that Government should give the right to coin rupees or refuse to give rupees when people demand the same. I do not propose to touch the gold standard reserve which must remain as it is as the ultimate guarantee of our currency policy. My proposal does not interfere with the existing arrangements in any way but it is merely supplementary to them. I made this perfectly clear last year ; nevertheless some of my critics have urged against my proposal that Government is asked to part with their reserve of gold, that the gold will disappear into the hands of the people, and that Government will have difficulty in maintaining the gold standard without raising a gold loan ; there is not the least basis for these fears. Let the Government of India accumulate gold to the maximum limits of its capacity but let the surplus gold which it cannot absorb be coined and circulated if the public chooses to do so. With our expanding trade and the balance in our favour, gold will continue to be imported in ordinary times, and if the facilities of minting are provided in India, it will go into circulation.

The only plausible argument advanced against the proposal is that the Indian people are too poor for a gold currency. I cannot understand this argument, because if the people are rich enough for a gold standard they cannot be too poor for its normal adjunct, a gold currency. As things are, they have all the disadvantages of a gold system without its advantages. Then, again, I do not propose to demonetise silver, and silver coins will be

available, if my suggestion is carried, as they are now, and whoever requires them will get them as at present.

Then, again, it is asked, why should there be gold coinage in India when whoever may require gold coins may import English sovereigns ? Why does Australia coin her own gold ? It is quite open to her to import sovereigns. Again, why do all other civilised countries of the world have their own gold coins ? So far as India is concerned, it is to her advantage to a greater extent than to many of the other countries. We produce in India 3 million pounds worth of gold from our mines. It is anomalous that this gold should be exported to London to be minted there and sovereigns should be imported into this country. Why should we not coin our own gold if there is demand for it instead of bearing the charges of carriage both ways and suffering the loss of interest on capital during the time occupied in the double transit ? The last but not the least of all the advantages of having our own gold coins will be that there will be less State management in our currency. The trade will be financed automatically by the import and export of gold, as the case may be, just as the commerce of all other countries is financed. India is the only great country in the world, barring China, the management of whose currency is completely in the hands of the Government. However well managed it may be, it can never be as good as an automatic currency which adjusts itself to public demands. After the mints are opened to the free coinage of gold, all that the State will have to do is, to pay rupees in exchange for gold coin when such demand arises. All countries, including England, have to pay silver subsidiary coins in exchange for gold coins when they are required for the use of the country. This step will prevent, or in any case reduce, the addition to our existing silver coins, and that will be a great gain.

As to the denomination of that coin, I prefer a ten rupee gold coin for various reasons mentioned in my last year's speech. I know that there is a great deal to be said in favour of

minting sovereigns in India on the ground that they will be interchangeable in Great Britain and they can be imported and exported as the balance of trade necessitates. Of course, if the India Mints should be thrown open to the unrestricted coinage of gold, on terms and conditions such as govern the three Australian branches of the Royal Mint, I have no objection to sovereigns being coined in India. A subsidiary ten-rupee gold coin of Indian design might be minted as a supplementary coin, but if the Royal Mint raises any difficulties in recognising our mints as their branches, we should have a ten-rupee coin and not a fifteen-rupee coin. After all it is a matter of detail, and I leave it to Government to fix a suitable denomination.

I am sorry I have troubled the Council with this long speech. This resolution after all asks for no more than what the Fowler Committee recommended and what had received the sanction of Lord Curzon's Government and the then Secretary of State.

The adoption of the step which I have ventured to urge in this resolution as in my speech last year will, to use the forcible words of Sir James Meston, "obliterate all the mistakes, all the inconveniences, all the artificialities of our present position." My Lord, I believe that the time is come for taking this final step in the long evolution of our currency system.

*In the course of the debate Sir Vithaldas made the following observations by way of reply :*

My Lord, I must recognize that the reply of the Honourable Finance Member is very satisfactory ; and I may say that he has said more in support, he has brought forward more cogent arguments in support of opening the mints to the free coinage of gold, than I was able to do in my opening speech. I am perfectly satisfied with his assurance that he is doing his best to get the sanction of the Secretary of State, and therefore, with Your Lordship's permission, I beg to withdraw my motion for the present.

## XIII

## On the Budget

*25th March 1912.*

*At a meeting of the Imperial Legislative Council held at Calcutta on Monday, the 25th March 1912, in the course of the debate on the Budget for that year, the Honourable Sir Vithaldas D. Thackersey, Kt. made the following observations.*

My Lord,

I cordially endorse every word that has been said by my honourable friend, Mr. Gokhale, in appreciation of the excellent services rendered by our friend, the Honourable Sir James Meston, in this Council. We all wish him godspeed and a great success in his new position.

Coming to the Budget, I beg to congratulate the Honourable the Finance Member on the very satisfactory Financial Statement that he has presented to us. We are obliged to him for his kind reference in his speech, while presenting the Financial Statement, to our friend the Honourable Mr. Gokhale and for the terms which he has officially appreciated the valuable work done by him in this Council during the long period of his membership. We, the non-official members, take this as a great compliment paid to all non-official members of Your Lordship's Council. The Honourable Mr. Gokhale has served in this Council for continuously over 12 years and I am sure everyone of us here present, official and non-official, will agree with me when I say that in the success—the great admitted success—of the working of this expanded Council during the last three years, no small share has been contributed by the Honourable Mr. Gokhale who is respected alike by the officials

and non-officials. The breadth of mind shown by the Honourable Sir Guy Fleetwood Wilson reminds me of the liberal-mindedness which we see so often in the House of Commons when ministers on the Government bench appreciate in official document the services of the members sitting on the opposite bench. I join in the hope expressed by the Honourable Mr. Gokhale that after his holiday the Honourable Sir Guy Fleetwood Wilson will return to this Council with renewed vigour and take up his portfolio which he has filled with such ability to the entire satisfaction of all concerned.

As to the Budget, I must admit that the Honourable the Finance Member has shown great judgment in distributing a substantial portion of last year's surplus among several useful objects. While I appreciate what has been done for us in this direction, I once more beg to raise my voice against the policy adopted by the Honourable Member two years ago of taxing the people more than the circumstances would justify. In March, 1910, we, the non-official members, strongly protested against the levying of new taxes and proved by facts and figures that the revenue budget for 1910-11 was under-estimated. The time that has since elapsed has established the absolute correctness of our contention. I maintain, My Lord, that the additional taxes then imposed were not necessary, and even the Budget of 1912-13, in spite of the liberal extra grants to Provincial Governments, might have been framed without a deficit in the absence of additional taxes. I hope, My Lord, that this will serve as a lesson for the future, and though we have had to pay dearly for it, it will have been usefully learnt if it prevents a recurrence of similar action on the part of Government. After all, the views of those who are of the people and move amongst them and have practical experience of the daily life of the country are entitled to receive greater consideration in such matters than was shown on that occasion.

My Lord, I do not wish to speak at any great length to-day,

but there is one subject to which I wish to invite the attention of this Council, namely, the method of assessing factories for the purpose of Income Tax in the different provinces and the injustice involved in it. In reply to a question of my honourable friend, Sir Sassoon David last year, Government was pleased to lay before this Council a statement showing the percentage allowed in different provinces for depreciation on machinery and buildings in ascertaining the net profits of factories for income-tax purposes, and the method by which the capital cost is estimated in each case. This statement, as I will presently proceed to show, places the factories of one province at a disadvantage compared with those of another province. In Bengal and East Bengal and Assam, a deduction of five per cent is allowed both on machinery and buildings, while in Bombay a deduction of five per cent is allowed only on machinery, and that too after deducting the allowance made in previous years, and no deduction is allowed on buildings, although the Bombay Millowners' Association often protested against this invidious treatment. But since this statement was placed on the table and a respectful protest was made to the Government of India, the Government of India, in their letter dated the 18th January last, only two months ago, intimated to the Bombay Millowners' Association that in future the Local Government would have no objection in allowing a deduction of 2½ per cent, on the value of buildings properly defined. They further intimated in their said letter that the Government of India did not think it advisable to standardise the method of income-tax assessment in view of the varying local circumstances obtaining in each province. My Lord, this is a most unsatisfactory reply to a most reasonable request of the Bombay Millowners' Association contained in their letter of the 9th May 1911, that whatever the system of assessment ultimately adopted by the Government of India, it should be standardised throughout India, if not for all kinds of factories, at least all textile factories. I am afraid the Government of India have not seriously considered the

consequences and the injustice that are entailed by this want of uniformity. All factories in India are governed by the same law and in these days of keen competition, when the profits of the industry are small and sometimes there is an actual loss, any favour shown to the industries of one province places the industries of the other province at a disadvantage in the consuming market. My Lord, what justification can the Government of India show for the anomalies contained in the statement that I have referred to? Owing to the value of land being high, the mills in Bombay are built two, three and four storeys high, while the factories in Calcutta are mostly shed buildings of only the ground floor. Would it be reasonable to suppose that the four storeyed buildings of the mills in Bombay, having heavy machinery working on the upper floors, often of wood, would last double the number of years that the ground floor buildings of Calcutta factories would last? And yet in the Government of India letter we are asked to accept as reasonable half the amount allowed to the Calcutta millowners. Again, in Bombay, for machinery depreciation, allowances for the previous years are taken into account in the calculation, while in all other provinces they are not. Here again the Government of India in reply said that they did not see any injustice in that method of calculation. Would it be reasonable to suppose that the machinery working in Bombay, the greater portion of which is worked on upper floors, where the liability to wear and tear is necessarily greater owing to the impossibility or preventing vibration on these floors, would last longer than the machinery worked on the solid ground floor of Calcutta mills? And this is what it comes to, if you accept the existing method of fixing the basis for income-tax purposes in Bombay and Bengal. In Madras a maximum of ten per cent is allowed on the value of the machinery to be deducted. Surely the life of machinery in Bombay cannot be said to be double that of the same kind of machinery working in Madras. The factory owners of the United Provinces, our friends, the Cawnpore millowners, are certainly very happy people,

because there, the statement says, though as a general rule five per cent on the cost of machinery is allowed, that rule is not invariably followed, meaning perhaps that extra deductions over five per cent are made when millowners properly approach the department concerned. There, too, the peculiar method of taking into account the depreciation allowances of previous years, which is in vogue in Bombay, is not at all followed. My Lord, I hope I have clearly proved to this Council that the present practice is most unjust to the factory owners of certain provinces, inasmuch as it hands them over, in the absence of a definite imperial policy, to the mercy of the assessing officers. In reply to the letter of the Bombay Millowners' Association dated the 20th February 1912, only a month ago, again requesting the Government of India to standardise throughout the country whatever system of assessment is ultimately adopted, the Government of India said, as recently as the 12th of this month, that the millowners should address the Local Government concerned. May I ask the Honourable Member in charge of the Department, how the Local Government can standardise the method of assessment throughout India ?

My Lord, for years past, the millowners of Bombay Presidency have been suffering from this disadvantage in competition with our friends in the other provinces; and every opportunity has been taken advantage of to put our grievances before the proper authorities. We have written to the Income Tax Collector, have waited upon him in deputation, have respectfully represented our grievances to the Local Government, we have petitioned the Government of India in the past, and the last occasion on which we addressed them was on the 20th February of this year; and, to-day, at the special request of the Bombay Millowners' Association, I, as their representative, bring forward this grievance before this Council, the highest deliberative assembly in the land. The only step that now remains to be taken is to bring forward a resolution on this subject in this Council, and I propose to bring forward such a resolution

on a future occasion unless our grievance is set right in the interval.

My Lord, before I conclude I should like to express our sense of deep gratitude to Your Lordship for the care which has been taken in consulting our convenience, in arranging the sessions of this Council this year. We have gone through a large amount of work during this cold weather with a minimum of inconvenience to the members coming here from long distances. The present arrangement, while it has met with the unanimous approval of those of us who have other avocations of life but are at the same time willing to serve their country, has also I believe met with the approval of members like my friend the Honourable Mr. Gokhale, whose sole laudable ambition is to serve the country at any sacrifice. The details of the arrangement have been excellently carried out by the Legislative Department, for which great credit is due to it.

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## XIV

## On the Indian Extradition Act Amendment Bill

*18th September 1912.*

*Sir Vithaldas Thackersey moved the following amendment :—*

*That the consideration of this Bill be deferred until the Delhi Session, as the measure is a controversial one and that the Bill be then referred to a Select Committee.*

My Lord,

This amending Bill appears to be a very small and innocent measure, and the fact that Government have been pleased to introduce it during the Simla Session when, as a rule, only non-controversial subjects are taken up, shows that Government have acted on that assumption. It proposes to extend to the Presidency Magistrate in British India powers to receive and execute warrants, issued by Political Agents, in certain cases. In order to understand the nature of the obligation thus proposed to be extended, it is necessary to go into Section VII of the Act of 1903 in some detail. That section provides that :—

"1. Where an extradition offence has been committed or is supposed to have been committed by a person not being a European British subject, in the territories of any State not being a Foreign State, and such a person escapes into or is in British India, and the Political Agent in or for such State issues a warrant addressed to the District Magistrate of any District in which such person is believed to be, for his arrest and delivery at a place and to a person or authority indicated in the warrant, such Magistrate shall act in pursuance of such warrant and may give directions accordingly."

"2. A warrant issued as mentioned in sub-section (1) shall be executed in the manner provided by the law for the time being in force with reference to the execution of warrant, and the accused person,

when arrested, shall unless released in accordance with the provisions of this Act, be forwarded to the place and delivered to the person or authority indicated in the warrant."

In other words, except as regards European British subjects a District Magistrate in British India is obliged to hand over any person living in his jurisdiction, whether the subject of the Native State or a British subject, to the State which asks for his extradition, on the warrant issued by the Political Agent for that State. I may here call attention to the fact that, under rule 4 of the Rules made by the Government of India under section 22 of the Act and dated Simla, the 13th May 1904, the Political Agent is not even required to make a preliminary enquiry personally if he is able to satisfy himself 'otherwise' that there is a *prima facie* case against the person. My Lord, a preliminary enquiry by the Political Agent who is generally a Military Officer without any judicial training, is itself a very inadequate protection against illegal attacks on the liberty of the subject ; but under rule 4 to which I have referred, even this formality of a preliminary inquiry may be made by anybody provided the Political Agent is pleased to certify that he is satisfied, and when a warrant is issued by a Political Agent under such circumstances, it must be executed by a District Magistrate to whom the law, as it stands, leaves no discretion in the matter.

I may mention here that the Bombay High Court has laid down that the Act of 1903 leaves absolutely no discretion either with the District Magistrates or even with the High Court to judge of the merits of the case on which a warrant has been issued.

The case I refer to was in 1905. Aston J. in Emperor *versus* Husein Ali Nisarally said :—

"There is no provision in the India Extradition Act or in the Code of Criminal Procedure or in any other law making an inquiry by a competent British Court in British India, into the truth of the accusation, whether in the presence of the accused or otherwise, a condition prece-

dent to the issue and execution of the warrant of a Political Agent under section 7 of the Indian Extradition Act."

This is the obligation which is now proposed to extend to the Presidency Magistrates in Presidency towns. The Council will, I am sure, agree with me that the Act of 1903 requires revision not in the direction proposed, but rather in that of limiting the extraordinary power of Political Agents by proper safeguards calculated to secure a regular judicial trial to the accused person. I think, my Lord, that the Legislature did very wisely in omitting to provide for the extension to the Presidency Towns of this extravagant power of the Political Agents. It is bad enough as applying to Districts, but in the Presidency towns, it would be intolerable. In the Districts, generally speaking, few subjects of Native States of the respectable classes settle down to carry on any important business. On the other hand in Presidency towns, especially in Bombay, a very large section of the population comes from the Native States, and there are often among them men, with great commercial interests carrying on considerable and important business for generations, attracted no doubt by the absolute security of liberty, property, and contracts under the jurisdiction of His Majesty's High Courts. Whether the Legislature intended or not to mark its sense of this difference between the people in the Districts and in the Presidency towns, by omitting to provide for the execution in the Presidency towns of the Political Agent's warrants issued under the circumstances I have mentioned above, I can assure Government that the proposal to bring them in the same category as the mofussil districts is viewed with grave misgivings by the inhabitants of the Presidency towns who, rightly or wrongly, dread the substitution in their case of the rough and ready method of the Political Agent's warrant in place of the highly efficient judicial system to which they are accustomed. There is very good reason why this should be so. The proposed amendment means simply this, that a man of respectable position and perhaps, engaged in a large and long-standing business in the

Presidency Town can, practically on mere suspicion, be arrested and handed over to the tender mercies of a Native State without any chance of vindicating himself. I wish, My Lord, to speak with all respect of the Native States. I am one of those who believe that the Native States of India play a very important part in our political system, and I am proud to say that I know several Chiefs of Native States who, for enlightenment and for high character, can compare with the most eminent statesmen of any country in the world. But, My Lord, we all know that there are Native States and Native States. I am bound, in speaking on this Bill, to point out that, if passed, it will apply to all the Native States in the country without exception. It is impossible to discriminate in a legislation of this kind between a badly governed State and an advanced State whose judicial institutions may be on a level of equal efficiency with those of British India. It is here that the danger of the proposed Bill, as indeed of the Act of 1903, lies. We must recognize, My Lord, that, especially in some of the smaller states, the judicial system, if a system it can be called, is of the most primitive character and in fact, it may be said that the will of the Chief is the law of the land. It is obvious that to pass a law which subjects a respectable inhabitant of British India, accustomed to the jealous protection of his life, liberty and property to the authority of a make-shift judicial tribunal in such a State, is a measure to which this Council will not assent except for very strong reasons. If this provision is hard in the case of Native States, it is simply preposterous in the case of British subjects, because it really means that they can be arrested and deported from British India at the instance of a Native State much more lightly than they can in the case of England or any other British Territory other than India, in which case a *prima facie* case must be made out before the judiciary in India.

From these remarks it will be seen that I view with considerable apprehension the powers already conferred by the Act of 1903 on Political Agents and that I cannot but contemplate

without considerable anxiety the proposal embodied in the Bill to extend them to Presidency Towns. I think I have said enough to show that the proposed Bill is not a non-controversial one, and that it would be unjust to pass it in the summary manner in which it is intended to be passed. As I have said, a large and influential section of public opinion in Bombay is seriously exercised in mind about the consequences of the proposed extension of the Act to the Presidency Towns. I, therefore, strongly plead for the postponement of the Bill to the Delhi Session when there will be fuller opportunities for discussion and by which time those who are likely to be affected by it would be able to make their representations to Your Excellency's Government. And, after all, nothing is lost by so postponing the passing of the Bill. So far as I know, there has been only one instance, and that a very recent one, in which a Native State has found difficulty in getting a person whom it wished to get extradited, whether on sufficient or insufficient grounds it is, of course, not for me to say. However, even in this case, the alleged accused could have been proceeded against under sections 9 and 10 of the present Act. I earnestly trust, that as the Government now know that the Bill is not non-controversial as they probably took it to be, they would be pleased to postpone the further stages of the Bill to the Delhi Session.

*The amendment was agreed to.*

## C

## *In the Legislative Assembly*

I

## On the Purchase of Government Stores

*23rd September 1921.*

*At the meeting of the Legislative Assembly held at Simla on Friday, the 23rd September 1921, Sir Vithaldas D. Thackersey moved a resolution* re. *the purchase of stores by the High Commissioner for India.*

Before moving the motion for which I have given notice, I beg.....

Dr. Nand Lal : I rise to a point of order. When I make a reference to the schedule on page 98, I find there that a certain procedure is laid down which procedure clearly states the manner in which Resolutions and Non-Official Bills are to be treated.

Mr. President : The Honourable Member must be aware that that point of order was raised before. The procedure in Schedule I, which is an Appendix to Standing Order 7, sub-section (2), is a procedure which governs the days allotted for the transaction of non-official business. This is not such an allotted day. It is a day taken by the Government for its own business. Government has chosen to put down three non-official resolutions for debate to-day, and in doing so they have exercised their proper discretion.

Dr. Nand Lal : I submit this is a violation of the law of ballot. In any case it evades.....

(*Cries of 'Chair' 'Chair'.*)

Sir Vithaldas D. Thackersey . Mr. President, I was going to say when I was interrupted that I begged leave of the House to allow me to add two words to my resolution which were only

verbal. The first is after the second word in (1) to add "ordinarily" and in the second line after the word "quality" to add the words "and delivery."

These are additions which will make my object quite plain. I beg to move that—

*"This Assembly recommends to the Governor-General in Council that the High Commissioner for India in London should be instructed by the Government of India :*

*(1) To buy ordinarily the stores required for India in the cheapest market consistently with quality and delivery, and every case where this rule has not been followed, should be communicated to the Government of India with full reasons for the information of the Legislative Assembly.*

*(2) That when placing large orders, the High Commissioner should insist that the contracting parties if required shall give every facility for admitting as apprentices in their works Indian students to acquire practical knowledge of the manufactures."*

Mr. President, it is a matter of regret to me that it should be at all necessary to bring forward a resolution of this character in this Assembly. I think everybody, whether present here or outside, who has the interest of India at heart, expects that the High Commissioner shall purchase stores in the cheapest market. The late Honourable Member for Commerce and Industry, when he met the Indian Merchants' Chamber and Bureau, assured us that the Government of India expected the High Commissioner to buy in the cheapest market, and therefore we have reason to believe that the Government of India also agree that our stores should be purchased in the cheapest market. Now what do we find ? Of course we all agree that we have in Sir William Meyer a very able man and a very strong man, a gentleman who has filled the office of Finance Member of the Government of India with great credit and, I must say, fought for the interests of India where these interests were jeopardised.

But from the statements laid on the table in reply to questions both in the Council of State and in the Legislative Assembly,

we find that our High Commissioner has not a very easy way. There has been great agitation in England by the manufacturers, both in the House of Commons and outside in the Press, that all the stores required for India should be purchased in England from them alone. The agitation has been so strong that we find that when the Secretary of State raised 7½ millions sterling in London at 7 per cent per annum with the right to the investors of the conversion into double the amount into 3 per cent bonds, he undertook that the whole of the 7½ millions sterling would he spent in England for buying railway stores. We have no objection to buying our stores in England, but the Secretary of State did not even see his way to qualify his statement by saying "that if obtainable at a reasonable rate." So that if we follow any longer the principles which Sir William Meyer says he has been following up to now, we shall have not only to pay 7 per cent to investors, but we shall have also to make sacrifices to the extent of 10 or 20 per cent, as will readily be seen later on, in the purchase of stores to the extent of a minimum of 7½ millions sterling undertaken by the Secretary of State. I say, therefore, Sir, that this House must give clear instructions to the High Commissioner in order that the High Commissioner's hands may be strengthened in the purchase of stores in the cheapest market. I will venture to read two or three short quotations from the evidence given by Sir William Meyer before the Railway Committee. I will not take up the time of the Assembly by reading long passages because the Report has been circulated and I daresay, many of us know all about it. I will only read short paragraphs: In reply to a question by the Chairman, Sir William Meyer said:

"I cannot say what the companies do."

that is, other railways managed by private companies—

"But I can tell you as regards my own Department, which includes purchases for State Railways. One is rather between Scylla and Charybdis in these matters. You have got Indian opinion demanding—from

their point of view quite reasonably—that you should purchase absolutely in the cheapest market. I have a good deal of pressure—"

please mark the words :

"Put on me from various sides in England to deal with British firms and companies. They say it is very hard that they should be penalised by the abnormal advantage obtained by Germany through the rate of exchange and so on ; that they have served India well in the past, and that if they have to shut up shop now, things will be worse for us in the future. I have always taken up the position that it is not the business of the Indian tax-payer to subsidize British industry and labour, but that within certain limits one might give a bit of preference especially to people who have dealt formerly with us."

Later on, I shall read to you a paragraph as to what extent Sir William Meyer proposed to give preference or has given preference, but in the meantime I will read another short paragraph to show what system he follows when he gets tenders :

"I also adopt the principle on occasion that if the lowest German tender, say, is considerably lower than the lowest British tender, I communicate confidentially the terms of the German tender to the British manufacturer and ask him if he will come down. Sometimes he comes down to an extent that justifies me in giving the business to him, and sometimes he does not."

Well, this system, Mr. President, of showing the lowest tender to another tenderer, does not conduce to get in lowest prices always, and Mr. Purshottamdas Thakurdas, one of our ablest merchants in Bombay, who was a Member of the Railway Committee, pointed out or rather in the form of a question asked Sir William Meyer thus. Mr. Purshottamdas Thakurdas asked :

"I should like to put this question arising out of the answer you have just given. If you call for a tender or tenders, and instead of giving the order to the lowest tenderer, you send for the next lowest competitor and tell him you have got a lower tender, does it not discourage the lowest tenderer from tendering again ? Will he not say, 'Our tender is only called for in order to get the others to reduce their prices —that is, what I call in ordinary business fair tender facilities should be

available to all. Does it not strike you that by adoption of this method, the foreign tenderer may absolutely refuse to tender at all?"

Well, the reply of Sir William Meyer was as follows:

"Your criticism would be absolutely just in normal times. One would not think of adopting the system in normal times, but we have to face a very abnormal situation in which the Germans, thanks to the exchange position and to the necessity of having to pay a huge amount of reparations, are putting up what you may call an artificial price. We did not want to see the British firms ruined by German artificial prices, etc., etc."

Then about the extra prices, he mentions thus to what extent he proposes or has already given preference to the British manufacturers:

"In the present abnormal circumstances and for the reasons explained in my evidence before the Railway Committee, I am willing to accept a satisfactory British tender in preference to a foreign tender when the gap between the two is not excessive. As a starting point, I have laid down that this gap should not exceed 10 per cent."

Sir William Meyer further added:

"Each case had to come before him personally and it should be decided on its merits. In some cases no preference of any kind will be found necessary, while in others there may be valid reasons for going beyond 10 per cent. In the case of wheels and axles to which I referred a preference up to 20 per cent was allowed to a British firm and that for a special reason which is stated in the evidence."

Then he points out how the tenders are given. In one case he says that the foreign price was £10-10-0, while the British price by public tender was £17-0-0, and after the system he followed of asking the next man to reduce his tender, the British firm reduced their price to £11-10. It is now for this House to consider whether a tender for £17 was a fair one, or only because the tenderer knew, or rather the combination of British manufacturers knew that the Indian High Commissioner was sure to approach them and then they would get an opportunity of reducing their

tender at a later date that such a ridiculous price was quoted. The Council should remember that the market price was £10-10 and actually the British tenderers had submitted tenders for £17 for the same article. This kind of tender can only be explained by the fact that the man who tenders higher rates knows that the High Commissioner would come to him and that he could then reduce his tender. In one case the foreign price for wheels and axles was £45 while the British tender was £83/15 which is practically double, and subsequently the same British firm reduced its tender to £67. We are not to be led away by what we call the German tender. Naturally when we hear the word "Germany," everyone of us has disgust against it, but the real point is ignored. We merchants know that Germany is selling cheap, but Belgium and America also sell equally cheap if not to the same extent as Germany does. Now, as to the argument that Germany has to pay reparations and, therefore, we should not take advantage of it. Well, Germany has to pay reparation for 30 years. Are we going to pay 20 per cent extra to the British manufacturers for 30 years to come ? Reparation is not going to cease next year. It is quite true that Germany, and even Belgium are working hard, and we have got private report to that effect, but if anybody has to compete in this world, he has to work hard and reduce the cost of manufacture.

Well, then, Mr. President, two points stand out most prominently in the quotations that I have read out to the Council. One is that owing to extraordinary conditions we should continue to buy from British manufacturers at a higher rate, and secondly according to the suggestion made, we should pay between 10 and 20 per cent more to them. I think this House will agree and insist that the time has now come when the prices of materials all over the world are falling, that India should not sacrifice to the extent of 10 or 20 per cent for buying all stores in future, and that while we are quite prepared to give fair preference to British manufacturers as forming part of our own Empire, they must also

see the necessity of reducing their prices and make them equal to the world prices in order to secure our orders.

Then, Sir, when we say ten per cent, it may seem to be a small amount when we buy small articles. If I am passing in my rickshaw, I buy a matchbox for, say, three pies, whereas the seller gets it from the wholesale dealer for about two pies and therefore he makes about 33 per cent profit, but the case is not on all fours with the question before us. We have to look to the fact that we are buying stores to the extent of some millions sterling in England. We were told here recently that the cost of railway materials alone would amount to about 14 million sterling. Then the Local Governments are purchasing their stores through this Department. We have also got the Military Budget. Then, again, add the orders for constructing New Delhi and for the scheme regarding the Development of Bombay. I understand that a protest was raised by the Bombay Government when the Development Department was asked by the Government of India under the rules, to buy stores required for the Development Department from England through the High Commissioner, when very low offers were made from Belgium. So when we are buying stores to the extent of 15 or 20 million sterling per annum, it means, even on an average of 10 per cent, nearly three crores of rupees. Can India afford to pay three crores of rupees more per annum for purchasing stores from British manufacturers so long as Germany has to pay reparations to us or even for a shorter time, or say, even for a year ? We are told that our Budget deficit may extend to crores, and this sum of three crores of rupees which we pay to British manufacturers will add to it very considerably unless we insist that all our stores be purchased in the cheapest market. I hope, therefore, this House by adopting this motion will inform the High Commissioner that we expect him to buy at the lowest possible rate. At the same time, I am aware that occasions may arise when the High Commissioner in the interests of India may feel justified in paying a little more for

certain stores, and I have provided in my proposition that when he does so he has to make out a case and inform the Government of India about it, and the Government of India should in that case place all the papers before this Assembly so that the members may judge for themselves whether this exceptional treatment is justified or not.

Now, with regard to British manufacturers, I am perfectly sure, that if they are told that India will refuse to pay them higher rates than the world prices, they will be able to sell their goods at the same rates as those prevailing in the world market. The British manufacturers are sufficiently organized, they have the reputation, capital, in fact everything is in their favour, and they can certainly supply stores at the market rate. Of course, I knew that they will have to set their house in order. If Germany or Belgium are working hard, I think manufacturers in England will have to tell their labour to work equally hard or accept the wages prevailing in the world. You cannot buy coal at a higher rate than the market rate and pay double wages and at the same time sell cheaper than the market rate, but I think that British manufacturers can sell at a fair rate when they and the labour at Home are convinced that India will not pay 10 or 20 per cent. more in future. I read in certain papers that the Indian demand for rails in England is about 40 per cent of English rail exports; how far it is true I cannot say, but that was the figure published in the newspapers.

There is only one other matter to which I should like to refer. Now, by paying 10 and 20 per cent. more, we are treating the British manufacturers with greater preference than we are treating our indigenous industries in India. The resolution of the Government of India of 1913 with regard to the purchase of stores from Indian industries, runs thus :

"All articles which are purchased in India in the form of raw materials or are manufactured in India from materials produced in India should

by preference be purchased locally provided that the quality is sufficiently good for the purpose and the prices not unfavourable."

The member in charge of the Commerce Department told us the other day that we buy paper from India to the extent of 90 per cent. if the prices were not unfavourable. There is no question of giving 10 per cent. or 20 per cent. more even for the indigenous article. And we should apply the same rule to the British manufacturers.

Then, with regard to the second part of my resolution, which is about the admission of students in the factories of manufacturers from whom we buy stores, this part of the resolution does not require many words from me. And I think we are all agreed that if we place orders for millions of pounds with certain manufacturers that we should, if possible, make a condition that our students should be admitted into their factories as apprentices if there is a demand for this and if we want it. I was in Japan in 1919 and I spent about two and a half months there, because I know that that is a country which by hard work and by several methods has risen from a small beginning. The first thing that the Japanese did was, that whenever they placed orders with foreign manufacturers, they made it a condition that their Japanese students should be admitted into the factories and I was told by eminent Japanese people that that system had thoroughly succeeded, succeeded beyond their expectations. They sent out students in hundreds.

With these words, Mr. President, I recommend this resolution to the acceptance of this House.

## II

## On Currency and Exchange

*24th January 1922.*

*Sir Vithaldas D. Thackersey moved the following resolution on the appointment of a committee,* re : *Currency and Exchange in the Legislative Assembly on 24th January 1922.*

MR. PRESIDENT,

I beg to move :—

"That this Assembly recommends to the Governor-General in Council that a Committee, with a majority of Indian members, be appointed to consider the whole question of :

(1) the present policy of Currency and Exchange ;

(2) the opening of the Indian Mints to the free coinage of gold ; and

(3) the location of the Gold Standard Reserve in India ; and to report with its recommendations at an early date."

Mr. President, this House will remember that about two years ago, the Secretary of State appointed a Committee known as the Babington-Smith Committee, and that Committee reported that the exchange ratio of 1*s.* 4*d.* be raised to 2*s.* per rupee. Unfortunately the Committee sat at a time when the conditions were abnormal and the price of silver, on which our rupee exchange mainly depends, rose to 80*d.*, while before the war, it was somewhere near 24*d.* or 25*d.* So, the Committee's report was mainly based on the assumption that silver would continue to keep high and that it would be impossible, under those circumstances, to maintain the rate of 1*s.* 4*d.* which was current for well nigh 25 years previously. Sir, I do not wish to discuss, at this juncture, whether the Committee was right in setting aside the

views laid before it by the representatives of the commercial communities of India. All the members except one were non-Indians and that solitary gentleman was our friend, Mr. Dadiba Dalal, who is now, I am very glad to see, a member of the Council of the Secretary of State. He appended a masterly Minute of Dissent and his prognostications have nearly all come true. I have no doubt, Sir, that the majority was actuated by the best of motives, but if Indian views had been more taken into consideration and if more Indian representatives had been on the Committee, India's interests would not have been overlooked as they have been done by that Committee. Sir, I take it that it is India's misfortune that when questions of currency and exchange, questions of life and death to the trade and industries, were being considered, Indian representatives on the Committee should not have been in sufficient numbers to make their influence felt. I was in London in 1919 and I gave evidence before the Committee, on behalf of the Bombay Mill-owners' Association, and I was able to see, as I was the last witness, in what direction the Committee was leading, and I warned the Committee of the danger of deciding questions of this character when the silver prices were abnormally high. The main assumption of the Committee was that, owing to the short supply of silver and the Pitman Act, silver would continue to be high. The other argument they used was the prevalence of high prices in India. Now, the amelioration of the evil of high prices was not one of the terms of reference to this Committee, but the arguments were dragged in, in order to support their contention of 2*s.* to the rupee. In the first place, I may point out to this House, that it is very dangerous to play with the settled ratio of exchange in order to ameliorate the evils of high prices. If one Government raises exchange in order to cure high prices, after a few years another Government may reduce exchange in order to cure trade depression. We have seen that in England, and in other countries also, high prices were prevailing last year, but nobody suggested in England as a solution

the manipulation of the gold value of the pound sterling. I must, however, give credit to the Committee for clearly indicating the circumstances which would necessitate a reconsideration of this question or its recommendations. In paragraph 51, the Committee said :—

> "There is one qualification which it is necessary to add to the above statement. It seems probable that prices generally will remain at a high level for a considerable time, and that any return to lower levels will be gradual ; but, if contrary to this expectation, a great and rapid fall in world prices were to take place, a new element of disturbance would be introduced. The costs of production in India might fail to adjust themselves with equal rapidity to the lower level of prices, and Indian exports might suffer to an extent which would endanger the maintenance of exchange at the level which we propose. In that case it would be necessary to consider the problem afresh, and take the measures which might be required by the altered circumstances."

Sir, its anticipations of future prices have not been justified. In fact, as everybody knows, prices have fallen, not only of silver, which has come down from 80*d.* to nearly 35*d.* to-day, but prices of iron and steel, cotton, tea, jute and indeed of everything have fallen during the last two years. Particularly, our leading income crops, tea, cotton, jute etc., are now practically at the pre-war level. What would have happened if the 2s. exchange was successful, and the prices of all these income crops had gone down by a third ? I leave it to this House to imagine. I maintain, therefore, Mr. President, that the contingency contemplated by the Babington-Smith Committee, has arisen, and it is therefore necessary that we should re-examine the whole question. The only practical way of re-examining such an important question is through the appointment of an expert Committee and, as I said, India's views must be properly heard, and Indians should have a majority on that Committee. Sir, it may be argued that the position is still abnormal, and that things all over the world have not settled down, and that, therefore, it is inopportune to re-examine the question at present. But those

who thus argue forget that we are not writing on a clean slate. Government on the recommendations of the Babington-Smith Committee have already altered our ratio from 1*s.* 4*d.* to the rupee to 2*s.* and, if any one argues, that 2*s.* must be maintained in the books although it is untenable, I think that is not a very good argument for not re-examining the question. I may further say that this statutory 2*s.* to the rupee in our books is doing the greatest amount of mischief. In the first place, nobody believes that the 2*s.* a rupee is attainable and I am sure by this time, after the trial of last year, Government themselves must have been convinced that it is hopeless now to expect to raise our exchange to 2*s.* I have said, Mr. President, that the statutory 2*s.* is doing the greatest mischief to the commercial community, and I will show to this House how. One thing more than any other which disturbs the regular trade, is the uncertainty of exchange. In September or October last the trade looked up a little and the exchange began to rise to 1*s.* 5½*d.*, and the merchants were uncertain of the Government attitude, whether they would force up the exchange to 2*s.* or would leave things to themselves. No statement from Government came as to their attitude. One set of merchants took one view and another set took another view, and in their anxiety as to the uncertainty of exchange people did not cover their purchases and there was again a drop and people lost an opportunity. I maintain, Sir, therefore, that it is desirable that the statutory standard should be brought down to such a level as to create the minimum disturbance in trade. I am not at present proposing any concrete ratio. It is for the Committee of experts and non-official members that may be upon it to examine the question and say what will be that standard. It may be that the Committee, after looking to all the circumstances of the case, may decide that it is not desirable to permanently fix the ratio just at present, and may, in the meantime, recommend an *interim* policy of say 1*s.* 6*d.* I am not suggesting any definite figure—or any other figure which may minimise the risk to the

mercantile community. The Committee may further consider and clearly lay down whether, and to what extent, Government should interfere in the natural course of exchange. At present, the policy of Government in regard to that is not fixed. It is within the power of the Secretary of State at present, if the balance of trade goes in our favour, to try to raise exchange, by artificial means, to as high a figure as he can. He can use our gold resources in England, he may refuse to sell Council Bills, and there are a number of other ways which the people in the trade know, by which the Secretary of State can manipulate exchange if he likes. And when we know that the advisers of the Secretary of State are wedded to 2*s.* a rupee, I do not find fault with the merchants if they have no confidence, in the absence of any definite policy, that the Secretary of State will not use that power if occasion arises.

There is no doubt, Mr. President, that unduly manipulated exchange will do great harm to all kinds of interests in India. Take, for instance, agriculture. With an artificial 2*s.* to the rupee they will get 40 per cent. less for their produce than what they would otherwise receive. The Government will continue to collect revenue in the appreciated rupee and this raises automatically the land-tax by fifty per cent, for no fault of the agriculturist. Then, again, take for instance, the industrial development. An artificial exchange will retard the development of industries, because foreign competition will come in, and by this artificial method Government would be practically giving a bounty of 50 per cent. to the foreign manufacturers. As regards merchants, I have already said that they would prefer a ratio which is more likely to be maintained than an artificial high one.

As regards the second part of my resolution, about the opening of mints to the free coinage of gold, I have not much to say. The Government of India have accepted the policy of opening mints to the free coinage of gold; in fact, they had arranged with the Royal Mint to open a branch in India, but it

was because of the War that the scheme had to be dropped. The Babington-Smith Committee has recommended that as soon as possible a branch of the Royal Mint should be opened; but, if the Royal Mint refuses to open this branch on some technical ground, I think the Committee might consider whether it would not be desirable to mint gold mohurs or some other kind of gold coin of equal fineness and weight to the English sovereign, but that must be the last resort. Sir, I believe that until we have a proper gold currency, we will never be free from the anxiety of currency problems off and on. India will not stand any further the policy that has been followed in the past of pouring in as much silver as possible into India and preventing gold from entering into India. I may only read a few lines from the Minority Report of Mr. Dalal. He says in paragraph 68 :

> "The fact that the maintenance of exchange was so readily abandoned and the sale of rupee bills continued, combined with the persistent flooding of India with silver token money, gives ground for the theory that fixity of exchange was only the ostensible object of the policy and that the real object was to compel India to take silver in place of gold money. Further it is a policy which is settled and managed in London and which necessarily operates in the markets of London and India. That the interests of the London Market have not been without influence in shaping the policy may be gathered from the enormous sums of money or investments belonging to the Indian Currency which have been accumulated there."

At that time there were about 87 or 88 million pounds accumulated there :

> "The profits on silver coinage were steadily collected into the Gold Standard Reserve in London, and now that the coinage of silver has ceased to be profitable, a new departure has been made in the issue of Currency Notes in India on the security of investments in London, which has had the effect of rapidly accumulating an enormously increased store of Indian currency money in London."

Now, as regards the third part of my motion, the location of the Gold Standard Reserve in India, it has a long history behind

it. It was in 1912 that I moved a resolution in the Imperial Legislative Council at Calcutta recommending that all gold of the Gold Standard Reserve should be located in India. At that time, all the Chambers of Commerce, both Indian opinion and European opinion, were unanimous that the gold must remain in India because, in time of war or panic, the gold could not be secured from England. Well, at that time the country fought but the gold remained in London and what was the effect?

It was not only kept in England, but was invested in long term securities. The war came in and there came down the value of securities and a large amount of our Gold Standard Reserve had to be written down. Even now the Babington-Smith Committee has recommended that half of it should be brought to India. It says:—

> "There is, however, a strong sentiment in India in favour of the location of the whole or, at any rate, a large part of the Reserve in India. In currency matters the possession of public confidence is an asset of great value aud we therefore think it advisable to comply with the Indian demand, so far as this can be done without detracting from the utility of the fund for the purpose for which it exists. Gold in India can be made available for the purpose of foreign remittance either by export or by transfer to the Paper Currency Reserve in India against a corresponding release of Paper Currency assets in the United Kingdom or in circumstances of urgency by arranging to earmark it for the Bank of England. We consider, therefore, that a portion of the gold in the Gold Standard Reserve should be held in India; but the gold so held should not exceed one half of the total."

Well, even the Babington-Smith Committee said: 'Take half.' What is the present position? We have in India not a single ounce of gold of our Gold Standard Reserve. In spite of the passing of 2½ years since the report was made, all gold is to-day in England. I think the time has now come when we must insist that all our gold be kept in India. If gold had been kept in India, it would have been very useful during the silver crisis. Instead of waiting and waiting and raising the exchange and at one time bringing our paper currency to the verge of inconvertibility, we

would have given gold to the people and the currency difficulties would have been avoided. What did we do? We prevented silver coins from going out into the country and allowed our currency notes to go down to discount up to 19 per cent. All that would have been avoided if our gold had remained in India, and this House must insist that India's gold should remain in India. I hope Mr. President, Government, on whom the great responsibility lies for seeing that the commercial communities are not inconvenienced and that the people are not put to unncessary loss, will see their way to accept this resolution.

*Closing remarks of Sir Vithaldas D. Thackersey, Kt., on his resolution of Currency and Exchange, by way of reply:—*

Before I reply to the details of the debate, I must convey my gratitude to the Honourable Member for the compliment he has paid me. At the same time, I am sorry to say, that I differ from him on several points pertaining to my resolution. My honourable friend, Sir Malcolm Hailey, is one of our cleverest debaters, and he has, in his reply, avoided altogether the main issue that brings forward this resolution. If I were to go into details and to reply to all his arguments, I am afraid my speech would go on after lunch, but, as I should like to finish my reply before we adjourn, I shall confine myself only to two or three main issues raised by him. The main issue is the statutory standard of 2s. With regard to the power of the Secretary of State to artificially raise that exchange to 2*s*. if he likes, the reply of my Hon'ble friend is that the Secretary of State is too poor to carry out that power. Most of our gold has been squandered away. The Hon'ble Member did not use the word "squandered", but I say it has been squandered away in selling Reverse Council Bills. Then, again, he says that the Secretary of State is living, owing to certain circumstances, upon the amount which Government is to receive in England for military expenditure in India on behalf of the Home Government, and, therefore, he is too poor and we need not fear that he will carry out his power. I want Government to make a declaration that the

Secretary of State will not use his power. Unless we are assured that he will give up that power, this House should insist that power be taken away from him. That is the main issue. If the Hon'ble Member is prepared to declare to-day that that power will not be used, I am perfectly satisfied. But that kind of undertaking has not been forthcoming from the Honourable Member and the only conclusion that this House can arrive at is, that whenever an opportunity occurs, the Secretary of State may carry out that power. Now, I warn Government against any such action. The Secretary of State did utilise his powers in 1920 and in the early part of 1921. With what result ? Imports were encouraged and exports were discouraged. Merchants ordered large quantities of goods on the assumption that they could buy them at a fair value, and Government's action landed them in heavy losses. What consolation is it to these merchants that, when the Budget time comes, you say: "We made a mistake. Forgive us. We will not do it again."

This House should insist that Government should declare that they will not use this power, and in the absence of such undertaking, this House should appoint a committee so that it may be in possession of certain facts and figures on which the House may be able to pass legislation taking away that power from the Secretary of State. After the merchants lost heavily, the astonishing statement was made in this House (I had not the honour of being a member of the House then) that Government never gave any undertaking that they would maintain exchange at 2*s*. I do admit that Government never gave an undertaking but what was the meaning of passing legislation fixing 2s. as a standard, making accounts on that basis and selling Reverse Council Bills ? We maintain that your action has been worse than your assurances and, on the top of this, we are told that Indian merchants broke their contract.

They say: "You are all dishonest merchants, you do not honour your drafts." I do not say that Government are directly

responsible, but I put these facts before you in order to prove to this House that it is dangerous to allow this power to remain in the hands of the Secretary of State. It may be that the Secretary of State or his advisers have now changed their view, and been convinced that Mr. Dadiba Dalal was right in his minority report. That is, perhaps, why he has been nominated to the Secretary of State's Council—perhaps, as my honourable friend Sir Deva Prasad Sarvadhikary has said, the question is being seriously considered. All these assumptions may be true. But that is not a sufficient guarantee that the Secretary of State will not manipulate exchange when the opportunity occurs. On the contrary, what does my Hon'ble friend, Sir Malcolm Hailey, say ? He says opportunities may occur. Trade may revive, and then, the Secretary of State may be justified in raising exchange. Well, it comes to the same thing. Not only does Government not give us an assurance that it will not use this power, but it gives a clear indication to us that the power may be used.

Then, with regard to the reply of my Hon'ble friend about the temporary policy. Well, my object in moving this resolution for the appointment of a committee was clearly this : no action or no decision of the character that one can contemplate in a large policy, like that on Currency and Exchange, can be moved in this Council in a direct way, that is, in the nature of a proposal 'do so and so'. Many members, not knowing the facts, might then say: 'what right has the mover to definitely say' 'do this or do that'? Therefore, the best way of dealing with an important question is through the appointment of a committee. If a committee is appointed, and if it comes to the conclusion that a change in the policy is necessary, well, this House will then insist on its being carried out. I do not think, at that time this House will be afraid to carry out and insist upon the policy recommended by the committee because my Hon'ble friend Mr. Rhodes had said: 'Well the Hon'ble Member cannot give a reply and we should not expect it'. I think, when the time comes, he

*shall* give a reply and the House shall dictate its policy.

Then, with regard to Reverse Councils, my Hon'ble friend said: 'We do not intend to sell Reverse Councils unless we come to this House'. My Hon'ble friend knows perfectly well that he need not sell Reverse Councils in order to raise exchange. When the trade demand arises, he may refuse to sell Council Bills—he will use the gold resources and not sell Reverse Councils; he will raise loans in England and artificially raise exchange, and not sell Reverse Councils. What is the use of arguing before this House that Government will not sell Reverse Councils as if the selling of Reverse Councils would raise the rate artificially? All these things can be done so long as the power of the Secretary of State remains.

Then, we have been told that, all over the world, the exchanges are disorganized, trade is disorganized, they have no money to buy our goods: therefore, exchange is weak. But who is complaining about the weak exchange? What we are complaining of is the artificial raising of the exchange. And, then, if you follow the natural course, what will be the natural exchange? Perhaps 1*s.* 6*d.* and not 2 shillings. We have often heard from various sources including the Associated Chambers of Commerce, and several members here have also said: 'Do not interfere with exchange'. I exactly repeat the same sentence: 'Do not interfere with exchange'. Allow it to go to its natural level. But Government do not say that they will give up the power to interfere. That power, I again repeat, must be taken away by supporting this resolution.

There is only one point, Mr. President, that I should like to refer to, *viz.*, about the opening of the Gold Mint. We have been told that Government were quite ready to open it. Well, in order that the committee may consider the question in all its aspects, I have included it in my resolution; and, of course, if Government are prepared to open the mints to the coinage of gold, I will be perfectly satisfied. With regard to the Gold Standard Reserve, I

think I do not agree with everything that has fallen from my Hon'ble friend. It has been a long complaint, a complaint nearly as old as the time when the Gold Standard Reserve was formed, that it was wrong to leave our gold in London. I will give you the old history in a few words : First, the Gold Standard Reserve was kept in England, not kept in Treasury Bills, as has been said to-day to the great credit of Government, but lent to the English banks at a low rate of interest. When India protested against this policy, the Secretary of State invested it in long-term securities. We again protested that, if we required it at a moment's notice, it could not be available. Then the Chamberlain Committee, I believe, condemned the policy. Now, our funds are invested in Treasury Bills. But that is also dangerous and I will explain why it is so. We had 30 million pounds in London before the War broke out. Did we get a single ounce of gold when the time came ? Well, the Bank of England's total metallic reserve was about 30 or 40 million pounds. When war broke out, instead of getting our gold back, we had to go on accumulating our gold. We had to keep our gold payable to us for our exports. I think our funds went up—I am speaking from memory—to somewhere between 150 and 180 million pounds. At that time we had a currency crisis in India. We had no silver. We had no gold. We wanted to bring out gold here to avoid a currency crisis. If gold had been brought out, people would have been very pleased to take gold instead of rupees. But London did not return us our gold : and we had to buy silver at 50 or 60*d*. Was it not a wrong policy to keep our Gold Reserve there ? It is all very well to say : 'We can sell the Treasury Bills and bring the gold whenever you want.' But it is when panic arises, when war breaks out, when we badly want our gold, that it can never be available. Therefore, the right policy is that gold must be kept in India for the purposes for which it was intended.

I think, Mr. President, I have done. I only appeal to this House not to be carried away by the very able arguments of my

friend, Sir Malcolm Hailey. The question is too serious to be left over. We must bring our gold back; we must take away the power of the Secretary of State to manipulate exchange. If I do not carry this resolution, the only satisfaction I will have will be that it is not my fault that the House has not accepted it.

NOTE: *The resolution was lost by a division of 37 members voting for the resolution and 41 voting against.*

## III

## On Railway Industries

*22nd March 1922.*

*Sir Vithaldas D. Thackersey moved in the Legislative Assembly on Thursday, the 2nd March 1922, the following resolution:*

*"This Assembly recommends to the Governor-General in Council that a Committee consisting of members of the Indian Legislature be appointed to consider and report at an early date as to what steps should be taken by the Government of India to encourage the establishment of the necessary industries, so that as large an amount as possible of the Rs. 150 crores proposed to be set aside for the rehabilitation of the railways during the next five years be spent in India."*

MR. PRESIDENT,

The House will remember that Government appointed the Railway Finance Committee to report upon the financial provisions arising out of the Report of the Acworth Railway Committee and that Committee reported that a fixed programme be passed by this House so that the management of the railways may know how much money would be available in the next five years. That Committee also reported that Rs. 150 crores be spent for capital expenditure during the next five years. During the discussion of the Committee, figures were also placed showing the probable expenditure over the railways during the next ten years, and there also it was seen that a further rupees 30 crores a year would probably be required during the subsequent five years. That means that during the next ten years we would be spending about Rs. 300 crores for our railway purposes alone. The Committee, however, thought that it was quite enough to look ahead

for five years and, at the end of three years, the future programme might be considered by a Finance Committee. Now, my object in moving this resolution in this House is that we should try to see if we cannot spend as far as possible and as much as possible out of this Rs. 300 crores in the country by special efforts taken in the direction of the development of industries manufacturing railway materials. I am sure, no one in this House will disagree with the policy I am enunciating. The only question is what active steps can be taken so that we can get an immediate result. It is true that Government have framed rules by which articles of Indian manufacture may be brought for the requirements of Government provided the quality is good and the price is not unfavourable. It is also true that Government have given more than once an indication that they are willing to encourage the establishment of industries in India. Government may take credit that they appointed an Industrial Commission in the year 1916 under the presidency of Sir Thomas Holland. That Commission took two years to report ; they went very thoroughly into the several problems of industrial development and reported in 1918. I want to know what steps have been taken to bring into effect the recommendations of that Commission. Government appointed in December 1919 the Stores Purchase Committee. That Committee took 7 months to report and made an excellent report by the majority, the minority, however, differing in many respects from the majority. One year and nine months have passed since this Committee has reported. We know the Government have taken action in appointing an officer as Chief Stores Purchase Officer in India ; but, so far as actual steps taken to encourage industries are concerned, I maintain that nothing has been done.

If Government wanted to take immediate action for the encouragement of Indian industries, the report of the Stores Purchase Committee is full of valuable suggestions and they could have taken the necessary action. I will not take up the time of

this House by going through the several recommendations made by that Committee, but I will read to you one most important recommendation that could have at once been accepted by the Government and given immediate effect to in the interests of India. The recommendation runs thus :

Paragraph 225—Assistance for Indian Industries :—

"We consider that, in addition to providing in this manner for the full utilisation of existing industries in India, Government must further give them practical encouragement specially in the initial stages of their enterprise and must assure them of a reasonable measure of protection against outside competition. The measures advocated by us, subject to appropriate restrictions and safeguards are :—

(1) Guaranteeing of orders for a limited period ;

(2) Placing of orders at favourable rates for a limited period ;

(3) Favourable railway rates ;

(4) Revision of the fiscal policy of Government with a view to protection of local industries."

At the end of the paragraph the Committee add :

"We consider that the conditions under which contracts are placed in India should be assimilated to those attached to contracts entered into by the Director General of Stores at the India Office which at present are in some respects more favourable to the British manufacturer."

Now, I seriously ask Government whether the condition No. (1) in regard to guaranteeing of orders to the Indian manufacturers and condition No. (2) in regard to the placing of orders at favourable rates have been adopted, although the Report has been before the Government for the last one year and nine months ? Are we to go on considering the general aspects of the question, the rules and regulations, and appointing officers, while orders worth crores and crores of rupees are being daily and regularly sent to England in spite of the recommendations of the Stores Purchase Committee and the Indian Industrial Commission that the Railway stores should be purchased in India ? I submit, Sir, we must take immediate steps, so far as the orders worth crores and

crores of rupees for railway purposes are concerned, to place them with Indian manufacturers. Moreover, Sir, how many industries would be required to supply railway stores to the value of crores and crores of rupees? We can count them on the fingers of one hand. I will give the House a few instances from the figures placed before us by Government about the requirements of the railways during the five years, and if you want to take the figures for ten years, you have practically to duplicate the amount that I am mentioning. Goods wagons will be required to the extent of Rs. 31 crores during the next five years, or 62 crores of rupees will be spent for wagons during the next 10 years. Coaching vehicles will be required to the extent of 18 crores during the next five years, bridges, girders, etc., 4 crores during the next five years, and much more during the next 10 years. Then again, rails would be required—I do not wish to go through the whole list, but these are, I think, sufficient instances to show that one kind of industry, that is the industry for manufacturing goods wagons, if properly encouraged and supported, will keep in the country 62 crores of rupees during the next 10 years. If we support the coaching vehicle industry, it would give us 36 crores of rupees in 10 years. If we support the bridge industry, it would give us eight crores of rupees in 10 years. So let us sit together and consider what can be done immediately to enable Government to place these orders worth some crores of rupees in the country. I am leaving aside for the moment a thousand and one things like pens, pencils, and other small and big items that are required for our Stores Department. I do not attach less importance to those articles, but let us attach greater importance to these really important articles which will retain in the country some crores and crores of rupees.

Now, we have seen that the Stores Purchase Committee have recommended that a guarantee for orders for a limited period should be given to new industries, and this is perhaps the only country in which a resolution like the present one may seem

necessary to be brought before a responsible House like this. In all other countries, where the existence of Government depends upon the will of the people, there is no doubt that such a resolution as this would be superfluous. In the first place, the patriotism of the officials would impel them to encourage the indigenous manufacturers and to place with them as many orders as possible which would go a long way to increase the prosperity of the country. (Hear, hear). In the second place, the necessities of the case, the question of self-defence in time of war, and self-reliance, all these factors would impel the officials to make the country independent of foreign imports in case of necessity. In the third place, Sir, I believe, and the Council will agree with me, that the position of Government, if they do not follow such a policy, would be untenable. The next election would bring about their much deserved downfall. All these three reasons combined afford considerable help to foreign manufacturers much to the detriment of the Indian manufacturer, and we now, by our resolution, appeal to Government to take immediate steps to make India as independent as possible in regard to our railway and other stores requirements. Now that the matter has been brought to the notice of Government, we do trust that active steps will be taken in the matter. After all the suggestions I have made and the suggestions which the Stores Committee have made are not new. Government have followed that policy in the past. I will give one typical instance and I think it is a great credit to Government for what they did at the time. When the first steel industry was to be started by the Tatas, Government came forward liberally and guaranteed the purchase of 20,000 tons of rails every year for ten years at a price equivalent to the rate which would cost Government to import rails from England. That system works splendidly, and I firmly believe that the steel industry could not have been started in those days without such a guarantee and the result was that, during the War, we were independent of the foreign imports of rails, and other steel products.

What we ask Government is to follow a similar policy to a greater extent. It was a great thing in those days to say that Government would buy 20,000 tons of rails from the new steel company. I would say that if new industries were started, Government would be perfectly justified in saying that they would purchase all their requirements from such companies. In regard to the Tata Steel Company, out of probably 1,50,000 tons of rails that were required for railways in India, Government were liberal enough to say that they would buy only 20,000 tons from the Tata Steel Company. The question whether any preference should be given in point of prices, that is, whether any higher prices should be given to the new industries that we start, is one which I will not take up to-day. The question will solve itself with the recommendations that we may receive in the report of the Fiscal Commission. If the Fiscal Commission decides that protection up to a certain extent should be given to certain industries, then, under my proposal, those industries will automatically get higher prices to that extent. We hope it will not be very long before the fiscal policy is brought up for consideration before this House and I do not wish to touch at great length now on the relative advantages of protection and free trade in regard to the starting of new industries. Of course, one thing Government will have to consider and must consider, and that is, the protection of Indian industries against dumping. There has already been going on a little of dumping, and I am informed that because there are certain new industries of wagon-making starting in India, a very strong ring of English manufacturers have now resolved to dump wagons for the time being. If they dump wagons at a lower rate than that at which they can be manufactured, I think that in the interests of the country it will be entitled to the same protection which Great Britain has given to England, and which Canada has given to the Canadians, by the anti-dumping laws. You may not give special preference, but surely you are not going to kill your industries by the dumping process of foreign manufac-

turers or the strong rings that may be formed to kill you and after killing you to exploit you in future.

Sir, it may be asked whether we can manufacture any or all of the articles required for the railways if we give this encouragement. I made several enquiries of high officials connected with the management of railways including my Hon'ble friend, Col. Waghorn, who is taking such a keen interest in the matter, and I am sure that in time, if proper encouragement is given, if economic plants are introduced, and up-to-date methods are followed, India can supply most of her requirements, if not all. Take, for instance, the manufacture of wagons. I am told that most of the materials required for the manufacture of wagons can be made in India or will be made in India during the next year or this year. The only things required to be imported would be wheels and axles. The cost of wheels and axles, I am told, would come to about Rs. 1,000 per wagon, that is, about 10 to 12 per cent of the cost of a wagon. If you calculate on these figures, you will find that out of the Rs. 31 crores, you can spend in India about Rs. 25 or Rs. 27 crores for the wagons alone, and send out of the country only Rs. 3 or 3½ crores. The same remark applies, in a greater or less degree, to other articles of requirements. Now, Sir, this shows, that the larger part of our expenditure can be incurred in India. And, after all, what is this expenditure that we spend in India? How does it help? It helps first and foremost the working classes. What do you require in a wagon? You require steel. How is steel manufactured? You have to dig the ore. It goes into the furnace and is smelted with coal and flux which in their turn are products of labour. If we calculate the amount of labour required, 75 per cent of the whole cost is labour one way or the other. Workmen will get more employment and the money will remain in the country. There is so much drain going out of India now. While on this question of drain, our economists have written in the past; the late Mr. Dadabhoy Naoroji has written a book about it, and Mr. Romesh Chandra Dutt has written about

it that the greatest harm done to India is this drain of money. It is not spent in the country. If you allow money to go out of the country, it is really pauperizing the country to that extent. We are already met with the difficulty of having to pay home charges, our interest charges and several other charges of the Secretary of State's Departments. All this is a drain which we cannot avoid. Are we going to add this Rs. 100 or Rs. 150 crores of additional drain during the next five years and thus pauperize the country to that extent? What will be the effect? Already we were told yesterday by the Honourable the Finance Member that our balance of trade was against us to the extent of Rs. 33 crores. If you add to that this Rs. 30 crores, the balance of trade will be Rs. 63 crores against us. How are you going to maintain your exchange? How are you going to solve your problem of exchange, which is already a difficult problem, by doing that which no other country in the world does *viz.*, sending your money out which can be kept in India? I hope I have convinced this House that in our own interests, in the interests of the country and in the interests of our self-defence, everything must be done, and immediately done, for the development of industries in this country.

*Sir Vithaldas made the following observations by way of reply.*

Mr. President, with regard to the remarks made by my honourable friend, Mr. Innes, that he is not less patriotic than any of the officials in the self-governing countries, I may at once say that I did not intend and my remarks did not apply to the officials of our Government at all. I only pointed out that, because of their patriotism, more than a direct action was taken by the officials in other countries. I know the work of my honourable friend, Mr. Innes, for many years; he used to come to Bombay and visit our committees of the Millowners' Association and the Indian Merchants' Chamber more than once. We know his keen desire to encourage Indian industries. (Hear, hear). From the experience we have on the Bombay side, there is one characteristic which we notice among Englishmen more than any

other, and that is, if he is once convinced that he has to do a certain thing, he carries out conscientiously the duties imposed upon him. (Hear, hear.) We have experience in the Bombay Corporation, where the Municipal Commissioner who is the chief executive officer of the Corporation, is an Indian Civil Servant. We are thankful to Government for always giving us one of their best men as Commissioner of the Corporation. But what do we find ? As soon as he is transferred to the Corporation, he feels he is a servant of the Corporation, and, in any difference of opinion that may arise between the Government and the Corporation, he fights for the Corporation in spite of his being originally a servant of the Government. (Hear, hear.) Sir, I am quite sure if my honourable friend, Mr. Innes, were made responsible for his position and made to feel that he is a servant of this House and is not to be controlled by somebody from outside, he will do more than any of us or any of the other officials can do for the development of our industries. It is not a personal matter at all about which I am speaking now. It is a question of policy. I already pointed out that the Stores Purchase Committee's Report was published one year and nine months ago. It has to go back to the Secretary of State and come back from him. It has to go back again to the Local Governments and come back from them. If you do not get the replies from the Local Governments for 12 months, you have to tell them 'we cannot wait for the replies, we will take action.' I am merely complaining about the dilatory method, the circuitous procedure and the short-sighted policy that is being adopted.

Then, again, Sir, we have been told that industries could not be started in two years. But the British Government has been in India for more than a hundred years. My first mill was started in Bombay, 50 years ago. Are we to believe that the Government of India came into existence only last year after the inauguration of the Reforms, that they will now think of starting industries and that we have to wait for another 50 years for industrial development.

Sir, with regard to the main point raised by my Hon'ble friend, Mr. Innes, I express my feeling on this matter very candidly. The Honourable Mr. Innes wants to give us much more than what I am asking in my resolution, but I fear the delay. It took seven months for the Stores Purchase Committee to make a Report. It is a long and elaborate report. I put it to this House and to the Hon'ble Mr. Innes whether it will be possible for a committee of the character he has suggested to go through the whole of that report, devise means and frame rules, for the purchase of a thousand and one kind of articles on our Stores Book in a short time, in a manner acceptable both to the Government of India as well as to the Secretary of State ? On the contrary, if we confine ourselves to two or three industries—really it is one metallurgical industry, we can do considerably more solid work. Should we go on considering at length the framing of rules and delay matters while crores of rupees are being sent out of India ? I do not want to say how much time it will take, but surely it must take a considerably longer time to consider the rules for one thousand and one items than to frame rules in regard to one metallurgical industry. However, if the Hon'ble Mr. Innes assures us that there will be no unnecessary delay on the part of this committee to consider and frame rules and to send in their *ad interim* Report, at least so far as the railway materials are concerned so that this House can deal with its recommendations in regard to the starting of the metallurgical industry, I have no objection. The committee can afterwards consider gradually and leisurely, if necessary, the details of the rules with regard to other industries. Anyhow, what I say in short is, we must go ahead. In our haste we may make mistakes, in our haste we may lose, but it will pay India a thousand times to begin, to lose and be successful than not to begin at all.

The Honourable Mr. Innes : Sir, the Honourable Sir Vithaldas Thackersey is under a misapprehension. I never suggested that the committee should examine the whole of the Stores Pur-

chase Committee's Report or all the recommendations made by that Committee. I explained that the committee in any case, whether we have referred to it or not in the resolution, would have to examine these rules. There are, I think, 16 of these rules, but certainly not more than 20. Some of the rules are purely formal rules. The actual rules which will have to be considered are probably not more than half a dozen. It will not take a long time. Sir Vithaldas Thackersey suggests that, if we add the words suggested by Mr. Shahani to the resolution and if the committee wishes to send in an *ad interim* Report, it should do so. I have no objection. I think that will satisfy Sir Vithaldas Thackersey.

Sir Vithaldas Thackersey : I accept it, Sir.

Mr. President : The resolution is :

"This Assembly recommends to the Governor-General in Council that a committee consisting of members of the Indian Legislature be appointed to consider and report at an early date as to what steps should be taken by the Government of India to encourage the establishment of the necessary industries, so that as large an amount as possible of the 150 crores proposed to be set aside for the rehabilitation of the railways during the next five years be spent in India, *and especially to advise the Government of India in regard to the revision of the Indian Stores Rules with special reference to the question what steps can usefully be taken to establish the manufacture of railway material and railway stock in India.*"

The Honourable Mr. C. A. Innes : I think Mr. Shahani's amendment was to add the words 'to advise as to the revision of the Indian Stores Rules' at the end of the main part of the resolution and drop the rest. I think that would suffice us. His amendment was simply to add the words 'especially to advise the Government of India in regard to the revision of the Indian Stores Rules.'

Rao Bahadur T. Rangachariar : 'And further to advise'

Dr. H. S. Gour : 'And further to advise' or 'and also to advise.'

Mr. S. C. Shahani : I said 'also.'

Mr. President : The question is :

"That the amendment moved be withdrawn."

The amendment was, by leave of the Assembly, withdrawn.

Mr. President : Amendment moved :

"At the end of the resolution add the words 'and further to advise the Government of India in regard to the revision of the Indian Stores Rules.'

The question is that that amendment be made.

The motion was adopted.

Mr. President : The question is :

"That this Assembly recommends to the Governor-General in Council that a committee consisting of members of the Indian Legislature be appointed to consider and report at an early date as to what steps should be taken by the Government of India to encourage the establishment of the necessary industries, so that as large an amount as possible of the Rs. 150 crores proposed to be set aside for the rehabilitation of the railways during the next five years be spent in India, *and further to advise the Government of India in regard to the revision of the Indian Stores Rules.*"

*The motion was adopted.*

## IV

## On the Budget

*6th March 1922*

MR. PRESIDENT,

I could not help sympathising with the Honourable the Finance Member when he unfolded his tale of woe in presenting the Financial Statement on March 1st. I would call this Budget, for want of a better word, an insolvency Budget, both in respect of the financial position and in respect of the method of taxation. Before I go to the figures presented before this House, I should like to associate myself with the remarks of the previous speakers in condemning the large and increased expenditure on the military side of the Budget. I also associate myself with my Hon'ble friend, Mr. Jamnadas Dwarkadas, in his condemnation of the excise duty and the duty on machinery. I will not, therefore, take up much time of the House, in speaking about the Excise Duty as I had intended as a representative of the Mill-Owners' Association on this Council. The Honourable the Finance Member told us the other day that sheer financial necessity compelled him to make proposals to levy the duties which he had suggested. But, in doing so, I submit, Sir, that he has overlooked the sound principles of taxation in his great anxiety to find the money. He thinks (he has not said so, but from the language used in his Financial Statement it appears so) that the excise duty on cotton goods proposed by him is quite sound, because it is a consumption tax. May I refer him to the debates in the year 1894 when Sir James Westland and other Members of the Government, one after another, admitted that they did not

approve the proposed Bill as based on a sound principle of taxation, but that they had to levy that tax because they were compelled by the Secretary of State to introduce that Bill. Further, we must give due credit to those members, for when voting for the Bill, they one after another got up and said that they had to vote for it on account of the mandate; otherwise they were opposed to the Bill. Now, the times are changed when the Finance Member, in the second year of this young Parliament, as it has been called, comes forward and says that, because of sheer necessity, the increase in the excise duty is based on a sound economic principle of taxation. At that time, Sir, protests were made inside the House, and outside in the country. The great movement of *swadeshism* had its birth from that day. When sheer protests did not count for anything, the people started the movement of *swadeshi* on that occasion. The Congress every year passed resolutions of protests, the Industrial Conference also passed resolutions of protests and there was absolute unanimity in the country against the excise duty. My Honourable friend, Mr. Jamnadas, has already told you about the declaration of Lord Hardinge. I may further refer you to the speech of Sir William Meyer in introducing his Financial Statement of 1917-18. Now, Sir, no country in the world taxes its own industries, and particularly industries like the cotton industry, which, owing to favourable circumstances in India, if properly encouraged and helped, would be able to supply 80 per cent. of the requirements of the country. (Hear, hear). The industry at present supplies 40 per cent. of the country's demands. If my calculations are correct and if the machinery which has arrived now and the extensions contemplated by the mills are taken into consideration, by next year they will be able to supply perhaps 60 per cent. of our demands.

I am sure this House will never subscribe to any policy which will prevent the Indian cotton industry from supplying 80 per cent. of the Indian demand. The remaining 20 per cent.

which is very fine count, and which is used by the rich, may be imported from abroad. The great objection to this duty is the way in which it is levied. It is not a tax on profit; it is tax on production, and it weighs most heavily when a depression in trade occurs. On the one hand, owing to a depression in trade, you show a loss in your mills; in the same year, you pay a lakh or a lakh and a half for taxation. The weaker companies, in such circumstances, go to the wall, and their liquidation is hastened by a policy of this kind of taxation. The cycles of good trade and bad trade come to this industry as they come to any other industry. You will find—let us not go to very old times—taking the present century, that 1901-2 was a year of depression; 1907, 1908, and 1909 were years of depression, and 1913-14 was a year of depression, when eight or ten mills went into liquidation and sold for a song. It is only during the last four or five years, owing to the difficulty of securing machinery, that the present prosperity has lasted, and the advantage of this prosperity is that our production during the next two or three years will increase by 20 or 25 per cent. Everyone in the country has a chance of taking up this industry and it will increase the prosperity of the country and supply the needs of the people. There is no monopoly in this industry.

Sir, the principal competitor in the Indian market is not Lancashire. It is Japan. With their bounty-fed freights, their cheap freights for importing raw materials both from India and America and sending out their production in their bounty-fed boats, with their home market fully protected, where they can sell their goods at a higher rate, in order to enable them to dump goods in India and elsewhere,—all these reasons make Japan a great competitor of India. So far as Lancashire is concerned, in the history of our industry, the millowners have never asked that Government should protect their industry. All we say is that a home industry is not to be taxed simply because you are having an import duty for revenue purposes.

According to the proposal of the Honourable the Finance Member, the Indian cotton industry is to be placed in a worse position than at present. Government propose to increase the duty on imports by 4 per cent. but they have increased the duty on machinery by 7½ per cent. and on stores by 4 per cent.; and in that way they have increased the cost of production to a greater extent than 4 per cent. Now let us consider this duty from the point of view of the consumer. There is no doubt, and I quite admit the statement of the Honourable the Finance Member, that the duty is ultimately paid by the consumer. It is only in times of depression, when competition to sell goods is keen, owing to the supply being greater than the demand, that the tax is borne by the industry and during such times, there is greater harm done to the industry; but in ordinary years it is paid by the consumer. Then let us calculate what the consumer shall have to pay by this duty. If you will look into the accounts of a joint stock company, you will find that the total amount of duty paid, income-tax and super-tax, and the duty on stores and other articles, come to about 10 or 10½ per cent. on the cost of production. If you increase the duty by 4 per cent. it will come to over 15 per cent. on the cost of production. Now 15 per cent. more from the poor would mean about 3 annas per pound or 1 anna per yard, taking the average cloth. Now, what do you think one man requires? The poorest man who wants to clothe himself without any luxury, must have ten yards at least per year, perhaps one pair of dhoties and 4 or 5 yards further to cover himself.

I think 10 yards would hardly be enough for this purpose; but let us put it at 10 yards. In that way, by this duty you are taking from the poorest of the poor 10 annas per head, and, as the Government know, clothing for a person is as necessary as food and salt.

The Honourable Sir Malcolm Hailey: I must really apologise for interrupting, but I am very desirous to get the Hon'ble Member's exact point. Would he mind letting me know whether he attributes that to the 4 per cent. or to the total taxation?

Sir Vithaldas D. Tackersey: The total taxation levied on the Indian mills will work out to 15 per cent. We have to remember, Sir, that, whether Lancashire pays nothing or 15 per cent. any burden that you put on the Indian cotton industry whose production is used by the poor, falls on the poor. Even if you imported Lancashire free, that would not help the poor, or, if you put 30 per cent. that would not help the poor. The poor use our cloth, and they have to pay what you charge on the home industry. So far as the coarse cloth is concerned, there is no outside competition. It is the internal competition of the mills which brings down rates, and the very fact every fourth or fifth year you get a depression in the trade is sufficient indication that there is free and open competition.

Now, Sir, how much does the cotton industry pay to Government? Take last year. It has paid in the form of income-tax and super-tax about 3 to 3½ crores, and there is the excise duty of 2¼ crores—a total of 5½ crores. If the needs of the country are greater, if industries must be taxed, then the cotton industry has not the slightest objection to bearing a further share of the responsibility of governing the country well. But let that tax be on all industries equally, and not on the cotton industry alone, because the facility of collecting it in the cotton industry, as I am told, is greater. To say that facility of collection rule should govern the decision in this matter is not a right argument.

Now, Sir, I said at the beginning of my remarks that I consider this Budget to be an insolvency Budget. The house will permit me to explain why I think so.

For the reasons that I shall enumerate later on, the position of Government is very serious indeed; and I wish to make myself very clear on this point; because any action we may take, or the Government may take, will bear greatly on our credit. We find that, in the next year, Government have provided for raising Rs. 25 crores in Indian loan, £ 17½ millions in England *i.e.*, about Rs. 25 crores, and Treasury Bills to the extent of Rs. 131 crores;

and the rest of their requirements, *viz.*, 39 crores, they wish to transfer to the Paper Currency Reserve; that means that, during the next year, the Government is going to have or must have Rs. 212½ crores in order to conduct the affairs of the country. If there is any difficulty in securing the loan or if their credit is jeopardised, then I think not only will Government suffer, but the whole country will suffer and there will be great confusion in the country. We must admit that, and we must have a clear notion about this critical position of the Government. Now, anybody who had anything to do with these loans and commercial matters will agree with me that before the War, in 1912, 1913, and 1914, when Government wanted to raise Rs. 4 or 5 crores by loan, there was a tour of the Finance Member going to Calcutta, consulting the merchants and the bankers and then going to Bombay and finding out how the loan of Rs. 4 or 5 crores could be raised. Five years earlier still, it was only a question of Rs. 2 or 3 crores. Now, Government has taken the responsibility of conducting the country on the assumption that they would be able to borrow Rs. 212½ crores in the next year. I am afraid Government may not be able to get Rs. 131 crores in Treasury Bills if trade revives. Even at present, Government are borrowing through their Treasury Bills at a higher rate than the Presidency Banks are willing to pay for a poor three months' deposit. It is not the want of credit of Government; it is the enormous amount of money, the floating debt, that causes this high rate of interest. It also affects the merchants because the higher the rate Government pays, the merchants have to pay a still higher rate; the amount of money circulating in the country is the same. The merchants and Government are competing against each other and try to secure the same money, and the rate of interest in the whole country goes up,—a most unsatisfactory feature, so far as this part of the financial condition of Government is concerned.

Now, Sir, let us consider what the causes of this condition are. In the first place, the condition has been brought about by

the way, by the careless way, in which the expenditure has enormously increased.

If our military expenditure had been during the last two or three years what Lord Meston suggested or thought proper, we would have saved perhaps 60 to 65 crores of rupees in that one item alone. Then the salaries of all civil officers were increased. When I was in London in 1919, I was authoritatively told that it was suggested from India that the salaries of all the civil officers should be increased and that India would be able to bear the burden, owing to the exchange rising to 2 shillings and on the assumption that the exchange would never come down and the profits would cover more than the increase. To-day it is 1*s*. 3½*d*. With regard to this, I may say in passing that my Honourable friend Mr. Spence, in his speech to-day wants Government to stabilise the exchange ; but, when I brought forward a resolution to appoint a committee to inquire into the manner in which the exchange can be stabilised I did not then get the support of my friend. I hope, when the matter comes up again in September, I will get his support.

Now, Sir, the causes of our present troubles date back to the year 1917-1918. In the early stages, owing to war exigencies we helped England and sent our exports. But there was not sufficient reason why, after the war was over in 1918-19, we sent our exports without receiving payment for them in cash. When I was in London in 1919, the figures I saw there, if my memory serves me correctly, if I am wrong the Hon'ble member will correct me, our balances in London were between 150 and 170 million pounds. What we did was, we exported our goods and other requirements of the War and we received payment in gold in London, invested it there and reduced our resources in India. It brought about the currency crisis. I will not lengthen that argument, because I have already alluded to it, when I moved my resolution regarding currency and exchange. Apart from our loss of credit when the currency crisis came in, all our money was returned by the Reverse

Councils at Rs. 8 to 10 per pound. We received payments for our goods in sterling at Rs. 15 and when remittances were made to India, they worked out to Rs. 8 to 10 per £. I do not know how much India lost by this process, whether it lost 50 crores or 70 crores, but a Government Department alone can calculate exactly the loss sustained.

Then came Sir, that *mad policy* of raising our exchange from 1*s.* 4*d.* to 2*s.* in spite of strong protest, and following it up by the still madder policy of selling Reverse Councils and forcing Reverse Councils,—for what object, we, at least, in India did not understand—with the result that the loss that we incurred in this transaction was enormous. But may I ask why the Government of India did not follow or insist upon following the same method which America followed when it sent its goods to England? England bought a large quantity of munitions from America. What America said was: "Give us the value of the goods." When England could not remit cash, she commandeered American securities in England and handed over to America those securities, and for the balance of its dues borrowed money in America. If we had followed the same policy, England may have commandeered our gold securities in England; or, at least, if we had insisted upon the British Government giving us receipts in rupees, these crores and crores of rupees would have been saved and the condition of our finances would not have been brought to this unenviable position.

Mr. President: I would ask the Honourable Member to bring his remarks to a close.

Sir Vithaldas Thackersey: Yes, Sir, I will finish now. I will not go into this matter any further, but I will place before the House the conclusions I have arrived at after studying the Budget. In the first place, Government should reduce their Budget loss by at least 11 crores of rupees. Under the Paper Currency Act, Government have credited 6 crores of rupees, being the interest received on the investments of the Paper Currency Reserve and

the excess in the Gold Standard Reserve over and above the figure of £40 millions, to the Paper Currency account. The said Act was passed, when we valued our securities at 2*s.* but now the exchange is 1*s.* 3*d.* and I do not think anybody will believe that it will go ever to 2*s.* I think, therefore, that our gold and the gold securities in the Paper Currency Reserve should be revalued on the basis of 1*s.* 4*d.* and the said 6 crores of rupees be credited to revenue.

The second item I object to is that we are debiting to Revenue 5 crores and 6 lakhs of rupees which we pay as annuities for the purchase of railways. I can understand debiting to revenue, interest charges but I cannot understand how you can debit to revenue our capital charge, that is, the amount we pay in instalments to the old shareholders for the purchase of railways. It is really not a revenue charge. It is a capital charge. In that way, about 8 to 10 crores may be saved. My further conclusion is that Government must make up their minds before the Finance Bill is placed before us on the 20th instant whether they are prepared to reduce the military expenditure or not. It is on that declaration that the decision of this House will depend. If Government are prepared to take us into their confidence and make an honest attempt to reduce the expenditure in the Military Budget (I can understand that we cannot reduce the expenditure by 20 crores in one year, it will have to go on slowly but surely), if we can get such an assurance, namely, an honest attempt to make a reduction in the military expenditure, then this House will have to consider to what extent we should meet the deficit by taxation, and thus place the financial position of the Government of India on sound lines. But, if Government are determined that it is only by extra taxation that people should be governed and not by retrenchment, then I think, the House will have to consider whether it should take the further responsibility of taxing the country to the extent of Rs. 30 crores this year without any guarantee that the military expenditure would be reduced.

V

## On Cotton Excise Duties

*20th March 1922.*

*At a meeting of the Legislative Assembly held at Delhi on Monday, the 20th March 1922, in the course of the debate on the Indian Finance Bill, Mr. Jamnadas Dwarkadas opposed the following motion made by the Government of India in the Finance Bill :*

*"That clause 4 do stand part of the Bill."*

*(This clause was intended to increase the Cotton Excise Duties from 3½ per cent. to 7 per cent.)*

*In supporting Mr. Jamnadas Dwarkadas, Sir Vithaldas D. Thackersey, Kt. made the following remarks :*

MR. PRESIDENT,

I do not wish to go into the arguments whether this tax falls upon the millowners or on the consumers, because I have already expressed my opinion during the Budget discussion. I will, therefore, confine myself to meeting the arguments of the several members who have supported the increased excise duty. I will first refer to the points raised by my Honourable friend, Mr. Rhodes, the representative of the Bengal Chamber of Commerce. Mr. Rhodes, as an advocate of the poor consumer, has maintained that the increase in the import duty should be accompanied by the countervailing excise duty. Now so far as the import duty is concerned, Sir, the millowners have never asked that an import duty should be levied or increased when it was increased. In my evidence before the Fiscal Commission, I made that point very clear and I gave clearly my opinion that so far as the cotton industry was concerned, we did not need any protection. The only difference of opinion on this point arises when you say

that if for revenue purposes import duty is increased, it should be accompanied by a countervailing excise duty. The millowners strongly protest against this principle. Does Mr. Rhodes suggest that if the increase in the import duty had not been levied, the proposal of raising the excise would have been raised? Well, Sir, Mr. Rhodes is very anxious about the cost of cloth to the poor. As I have previously explained, most of the cloth used by the poor is the Indian made cloth and that cloth does not compete with Lancashire and has absolutely no relation with the Lancashire prices. Sir, the Honourable Mr. Innes showed us a chart. I am not quite convinced unless I examine that chart. There were special reasons in 1920. Owing to War, we know imports were largely cut off and the chart in 1920 is no criterion to base our arguments upon. Sir, he said that the profits of the Indian mills were sixteen crores of rupees according to the speech of our late lamented friend, Mr. Rahimtullah. What was the reason for this ? I have said, Sir, that it was again the conditions arising owing to the War. Here in my hand I hold a list of the Bombay cotton mills from which I can show what dividends were given from 1915 to 1921. I can hand over this statement to the Honourable Mr. Innes or any Honourable member who wants to enlighten himself on this point. You will find that dividends in 1915 varied from 5 per cent. to 14 per cent. and in rare cases above that. In 1916, there was a slight increase on the dividends owing to war conditions. During the last two or three years, owing to the conditions of the war, no new machinery could be imported from England and the millowners got the benefit along with others. Everyone who had an interest in an industrial concern in India got the benefit. Now look at the jute mills. In 1918, they gave 140 per cent., 190 per cent., 215 per cent. and in one case 400 per cent. If you want to tax production, why not tax jute. If you want to tax production, you must tax all kinds of production, and not confine yourself to the countervailing cotton excise duty. Then, again, the Honourable Mr. Innes said that if cotton excise be not

increased by 4 per cent. the advantage would go to the millowners. In short, he maintained that those who were engaged in the industries of India and those whose interest was to develop the industries of India should not get extra profit. Sir, if you take the argument to its logical conclusion, he might as well suggest that if the imported goods came in free of duty, the Indian mills cannot make any money and the consumers would receive the cloth cheap.

Such an argument from a responsible member of Government can only be used in India. Can such an argument be used by any member of Government in a self-governing colony or in Japan or in Germany,—nay, even in England? To say that Indians will make money if we give them the advantage of an import duty and that that advantage should be stopped is an argument which in no case will this House and the representatives of the people accede to. (Hear, hear). Then, Sir, the only other plausible argument used is that the Government is in urgent need of money, and that therefore this tax, although it may be unsound economically, should be levied. Sir, that argument has been used in a different way also by my Hon'ble friend, Sir Montagu Webb and others. They say: We must make our revenue balance the expenditure. It is a vicious circle; if Government is obliged to issue more paper money, the prices will rise, and the expenditure will rise further. Well, Sir, this argument has been met by my Honourable friend, Mr. Rangachariar. It is a case of a prodigal son spending away all his money and father giving him more and more, until the son is spoilt and the father is insolvent. (Laughter). What we say is the country should spend only as much as it can afford, and if you are spending unnecessarily Rs. 20 crores more for military expenditure, it is not for this House to give you Rs. 20 crores so that you may be able to spend more with ease. After all, Sir, we do not wish, at least I do not wish, and those who agree with me do not wish, that we should put Government into any financial difficulty because financial difficulty of Govern-

ment is also harmful to the country. Now, let me put before you the correct position. Sir, Government has shown a deficit of Rs. 2¾ crores. Is the deficit a correct one ? The interest received on the investment of your Paper Currency to the extent of Rs. 3 crores ought to be credited to revenue. To that extent the deficit disappears. Have you not made 3 crores of rupees by coining silver into rupees, and the interest on your Gold Standard Reserve, the whole thing amounts to about Rs. 3 crores—3 crores over £40 million which according to the Finance Member was a sum which ought to be retained in the Gold Standard Reserve, the excess being credited to the Paper Currency Reserve ? That is profit and may be considered as revenue. Thus, you get 3 crores as a surplus. Then, Sir, our friend, the Honourable Sir Malcolm, has said that Rs. 1 crore 17 lakhs is the amount paid in annuities as a portion of the capital expenditure, and he has used a very ingenious argument that it is a sinking fund. Now, Sir, let me take this House for a couple of minutes to show that the argument has no value at all. Suppose the amount of purchase price is 40 crores. Instead of paying 40 crores of rupees in cash when you purchased the railways and took possession of them, suppose you entered into an arrangement with the shareholders of the railways that the purchase price was to be paid in instalments of one crore of rupees for 40 years plus interest during the time on one crore of rupees—are you not paying every year one crore of rupees as your capital ? What difference does this make—whether you pay 40 crores in cash or one crore every year for 40 years ? I dare say the accounting is wrong. This point was raised by me in 1911 or 1912 in the Imperial Legislative Council. At that time the whole amount, including interest, was about £600,000, Rs. 90 lakhs and it was argued that the amount for capital expenditure was so small that the arrangement may not be disturbed and that when the amount got bigger, it may have to be reconsidered. It has grown to 5 crores from 90 lakhs, and in that way you will be debiting more and more to revenue every year. I say the entry

is wrong and must be taken to capital expenditure ; thus you get a surplus of 4½ crores of rupees. Add to it one crore of rupees reduced in demand grants. That means a surplus of 5½ crores of rupees. Now, are we not justified, is the House not justified, in leaving Government to work with a deficit of at least 5 crores, by refusing to grant taxation upto that amount and thus compelling Government to reduce the military expenditure ? We do not wish Government to be put into a difficult position. At the same time, we wish that we should reduce their resources in order that they may think about reducing the military expenditure. I think, therefore, that this Honse will be perfectly justified in throwing out new taxation to the tune of ten crores of rupees in order that the results I have suggested may be arrived at.

## VI

## On the Duty on Silver Imports

*21st March 1922*

*At a meeting of the Legislative Assembly held at Delhi, on Tuesday, the 21st March 1922, in the course of the discussion on the Indian Finance Bill, Mr. R. A. Spence moved the following amendment to the Schedule :*

*That in Schedule I to the Bill, in the Schedule to be substituted in the Indian Tariff Act, 1894, in item 20 of part I the words 'and silver' be omitted.*

*(The amendment had the effect of imposing a duty on silver imported into India).*

*In opposing the motion, Sir Vithaldas D. Thackersey made the following speech :*

SIR,

The question of the silver duty is one which ought to be considered very carefully before any decision is arrived at by this House. Sir, one of the arguments used by my honourable friend, Sir Montagu Webb, is that in the opinion of experts, one of the first duties of Government is to try to put right the foreign exchange, and as in the opinion of Sir Montagu Webb, the duty on silver will help in steadying our foreign exchange, it should be levied. I entirely agree with what has been said by Sir Montagu Webb that India should endeavour to put its foreign exchange right. The proper method for Government is either to formulate a considered scheme for it and circulate it in the country to get the opinion of all parties interested and then bring forward a bill to give effect to the scheme when approved by the country or if Government are not prepared to formulate such a scheme, let a

committee be appointed whenever the Government choose and think right for considering this whole problem from all points of view, and after full consideration and after the evidence taken by this committee and its recommendations are received, the problem of our foreign exchange may be attempted to be solved. I therefore maintain that this is not the right method of solving our exchange difficulties. If a duty of two annas in the rupee or four annas per ounce, is the right method of steadying our exchange, and if that argument is taken to its logical conclusion, prohibition of silver would be the easiest way of getting our two-shilling rupee.

Sir Montagu Webb : No, No.

Mr. R. A. Spence : Who wanted a two-shilling rupee ?

Sir Vithaldas D. Thackersey : I am very glad to hear from my honourable friends on my right that they do not advocate a two-shilling rupee. Let it be a 1*s.* 4*d.* rupee then, if I understand my honourable friend aright. I still maintain that the right method is not to take up these odd items piecemeal but to go about it in a businesslike way. There is a further reason why this resolution should not be accepted. The question is a most important one. It is not merely a question of taxing people who can afford to buy silver. The country has had no opportunity of giving any opinion on this proposition. If the proposal had emanated from Government, the country would have taken the matter seriously and given an opinion, whether in its favour or against it. But this amendment coming from a private member only two or three days before the debate, the country does not know what the proposal is and it would not be right for this House to accept a proposal of this character at such short notice. Please permit me to make my own position very clear. I am not prepared to commit myself whether the proposal is acceptable or not. There is a great deal to be said on both sides. I only impress upon this House that this is not the right way of imposing important taxation, in which several principles are involved. Then again there is a great deal to be said in favour of those who

maintain that this is a tax on the savings of the poor. It has been argued by my honourable friend, that by raising the price of silver by the imposition of this tax you raise the value of the savings of the poor. Well, if by such methods people can get richer, by prohibiting the importation of silver the people will be very rich indeed. After all, the value of silver and the value of the savings of the poor will be what the silver is worth in the world and not what you can make it worth by artificial means in the country. (Hear, hear).

Then, there is a further argument against the proposal. India is a big bullion market. It is, I understand, the third market in the world. If the Government of India adopt the policy of purchasing all its silver requirements in India by means of competitive tenders for the suppliers of silver throughout the whole world, instead of buying in London, India will no longer be the third, but will be the second if not the first bullion market of the world. Are we, by accepting this proposal so hurriedly and without giving an opportunity to the country to give an opinion on it, to remove the possibility of her obtaining a higher position? But it has been argued by my honourable friend, Sir Montagu Webb, that, by giving bounty, silver may be exported or imported at the free will of the people. Such a proposal was placed some years ago by the bullion merchants, I believe, but it was ruled out by Government, and I think rightly ruled out. The danger is that, in a particular year, the exports may be more than the imports, and then, instead of getting revenue for Government, Government will have to pay the bounty out of the other revenues. It may be argued that on an average, India will gain by such a duty, and if a reserve fund is created which may be utilised in times of emergency, just like the Gold Standard Reserve, its danger may be minimised, but there again it requires full consideration and a policy to be formed before we accept this proposition. Let us not run away with the idea that silver is a rich man's luxury and that, therefore, it can be taxed without imposing a burden on the

poor. In India it is not the rich man's luxury, but it is the poor man's means of investing his saving. Can any one believe that these 15 crores worth of silver that is imported is used for the luxury of the rich? Rich people have many other means of investing their money, more profitably than by hoarding silver. It is the poor who buy 8 annas or one rupee worth of silver for making a bangle for a daughter or a child. There most of the silver goes.

We are told that India is a sink of precious metals. Let those who thus argue not forget that there are over three hundred millions of people and even if you put each man's consumption at 8 annas worth of silver, it means 15 crores of rupees. It is a fallacy to say that silver is the rich man's luxury. Far from it, it is the poor man's means of investing his savings. For these reasons, I oppose the proposal.

Mr. R. A. Spence: The Honourable member just said that, owing to the shortness of notice I gave, the people of India had not an opportunity of expressing their views on this proposition. May I ask Government to state whether it is not a fact that they have received a telegram from the bullion merchants of Bombay asking for the imposition of this tax?

Sir Vithaldas D. Thackersey: I will reply to this shortly. I do not know which bullion merchants have sent a telegram. There are always two sides to every question. In 1910 or 1911, when the tax was levied, the merchants opposed the tax. It may be that the bullion merchants who have got large stocks of silver in India want to make profit; that is no reason why the country should agree to the imposition of this tax.

*Eventually the motion was negatived.*

## VII

## Sir Frederick Whyte

*24th March 1922*

*At the dinner given by him in honour of the Honourable Sir Frederick Whyte, Kt., President of the Legislative Assembly, at the Maiden's Hotel, Delhi, on the 24th March 1922, Sir Vithaldas D. Thackersey made the following speech:*

GENTLEMEN,

I rise to propose the health of our President, Sir Frederick Whyte. Gentlemen, I thank you all for responding to my invitation and giving all of us an opportunity of expressing and testifying to our appreciation of the good work of our President and of his most excellent qualities of head and heart. Gentlemen, anyone who has watched the proceedings of the Legislative Assembly cannot but be struck with the impartial manner in which he has conducted his work. The chair of the President is not a bed of roses. Those only who have experience of presiding at fairly large meetings can appreciate the difficulties of his office and from my own humble experience of the Bombay Municipal Corporation as its President some years ago, I can very well realize the responsibilities of presiding at such meetings. The work in the Legislative Assembly is much more complicated and onerous and it requires considerable amount of tact, good-humour, sang froid and knowledge of constitutional methods and procedure. None can testify to this aspect of the matter better than our Deputy Chairman, Sir Jamsetjee Jeejeebhoy, who had had on occasions to take the chair temporarily, though for short periods. The duties, already onerous, increase tenfold when a large number

of subtle and ingenious men raise all sorts of points of order, which have to be decided then and there at a moment's notice. I do not think I am exaggerating in any way the duties of the Presidential Chair. But all these difficulties have been much successfully, and if I may say so, satisfactorily overcome by our President. The motto "*Suaviter in modo Fortiter in re*," well befits the President's manner and he has thereby endeared himself to the House and has thus facilitated its work. One thing more than any other which impresses us all is the President joining all of us in the good humour of the House thus relieving the tedious monotony of its proceedings.

Sir, this has been the second Delhi Session and much progress has been made since last year. One remarkable change since last year has been the formation of parties in the Assembly. While last year the discussions were desultory and the voting was uncertain, this year the discussions are more interesting and better organised, the effect of which has been clearly noticed during the current session and more particularly during the Budget discussions. We have heard it said that the parties consist of members holding most divergent views and they have not been formed on the lines of parties in England where members of each party practically hold the same views in matters of policy. This argument no doubt has some force in it. In course of time I believe parties will be formed on some certain and dividing principles. As we all know, the function of a party in India is quite different from that in England. While in England the party by its policy and good work can hope to be in power, in India whatever the ability of the party may be, it can only be in the happy position of a critic and somewhat irresponsible. Speaking of my party—the Democratic party—I may say that the one great advantage it has secured is that it has been able to get together a number of members from different parts of India to meet and discuss informally the important problems coming before the Assembly. The meetings of the

party afford these members an opportunity of exchanging views and studying the questions from different standpoints and thus evolve a common basis of action. The result has been that they are able to press their point with greater force in the Assembly. This result has not been achieved so easily as it may look on the surface. My honourable friend, Mr. Ginwalla, the Chief Whip of the Democratic Party, will bear out when I say how hard and difficult it is to keep together this body of men of different shades of opinion and conviction, but actuated by the common purpose of serving their country. His task sometimes becomes more trying when a section of the party becomes strong and unbending in its view as it has been more than once but his ability and sincerity and the common sense of the members have overcome these difficulties. There might be a disadvantage in an occasional revolt but there is always the compensating advantage that the members are independent and are not slavishly wedded to a single idea or have to follow the lead of a single person as they do in England. The party system is quite new in India and I am sure the several defects and drawbacks will be overcome by experience.

We are glad to notice the new National Party, whom we look upon as our younger brother, has come into existence and I acknowledge the great help they have given to us during the course of the Budget discussions and the Finance Bill, without which the success would not have been so complete.

We also take this opportunity of acknowledging the good spirit with which the Government members have met our demands. We sincerely hope that the same spirit of friendliness and co-operation will continue between the Government and the representatives of the people. While the existence of such a feeling is always necessary for the progress of the country, it is much more so in the excited and troublous times thorough which our country is now passing. This is the occasion when men of all shades of opinion should join their hands and support the Govern-

ment of India in their fight against the reactionaries and die-hards in England who may otherwise upset all the good work that has been done upto now. The attitude which His Excellency the Viceroy and the Government of India have taken regarding the many important questions which agitate the public mind and supporting our just claims is now too well known for me to refer to in detail here. We all know that the work of the Government of India was smooth so long as we had as Secretary of State for India, the Right Honourable Mr. Montague, whose eminent services to this country in connection with the introduction of the Reforms and thereafter have made his name almost a household word in India and whose resignation from the high office we all so much regret. Now that Mr. Montague has gone and pronouncements have been publicly made about the subordinate position of the Government of India, it is highly probable that the proposals of our Government may not receive the sympathetic hearing they were receiving till now and therefore in our own interests it is necessary for all of us—whatever party label we may have—to join hands in supporting the policy of the Government of India which, we have every reason to believe, will, under the guidance of the ex-Lord Chief Justice of England, His Excellency Lord Reading, be to lead India to the goal of full Dominion status. I may say that in all such efforts the Government can always count on the whole-hearted support of my Party whose sole aim is to serve the best interests of the country according to its own lights.

I now ask you to join me in drinking to the health of our President, the Honourable Sir Frederick Whyte.

## On Short Period Loans

*December 1899*

*Before the Bombay Municipal Corporation.*

At the request of the Committee I beg to offer the following suggestions, and regret the delay, which has been unavoidable, owing to the absence of certain papers relating to the London County Council Money Acts of 1896-97 which came to my hand only last week.

I have gone thoroughly through the papers relating to the short period loans, submitted by the Commissioner and the sub-committee of the Standing Committee but fear that I cannot agree with the greater part of their conclusions.

My original proposal for raising short period loans from the general public has been well discussed by the Commissioner, who thinks it expedient to obtain powers from the Government of India to raise such loans. The London County Councils by the Money Acts of 1896-97 were authorized to raise Bills for short periods. They for the first time exercised their power in 1897 when they invited tenders for £ 6,00,000 Bills, the conditions of tendering and issuse being made to conform as nearly as possible to those governing the issue of Treasury Bills. The tenders were most liberally responded to. As much as £39,85,000 worth of tenders were received for Bills amounting to £6,00,000, nearly seven times the amount required. But the success of the Bills was not limited to this extent. Even in the rate of interest the County Council was fortunate enough to pay rates which worked out to £ 1-1-11½ per

cent. per annum. The issue was managed by the Bank of England which decided to give status to the Bills by including them in the list of Government and other securities, which are generally accepted by the London Bankers against money lent. I would suggest that we should immediately apply to the Government of India to grant us powers similar to those granted to the London County Council and to put our temporary Bills in the list of Government and other approved securities. If this be done I am sure, *our Bills* also will meet with an equal success. If banks can borrow money from the general public for two, three or six months at interest varying from three to five per cent. per annum, why should the Municipality in times of great need, pay seven or eight per cent to the bankers, instead of themselves borrowing from the public at a lower rate of interest? Looking from the point of view of the general public I am certain that they will give preference to our Municipal Bills before all other securities except perhaps Government securities.

The reason why the Municipality failed to raise their permanent loan is not that the public had no faith nor that they had no money, but that they were not inclined under the then condition of the money market to lock up their money in a permanent investment at the rate of interest offered by the Municipality. Only those who can afford to invest their capital for a term of years or the speculators will offer for these loans, while a large class of investors and merchants never invest their money permanently but only for short periods. It is this class to whom we must chiefly look for relief in our temporary difficulties. This class can very easily be approached if powers similar to those granted to the London County Council be granted to us. With such powers to us it will not be necessary to maintain large cash balances, at the expense of the rate payers. In order to maintain such balances we are sometimes obliged to over-tax them. In cases when the Municipality has to begin a new financial year with a minimum cash balance of Rs. 1,00,000 it would be impossible to finance the

municipal expenditure because although our Budget may make the two ends meet, still we have to spend money before the revenue is received. In such times we have, as we did last year and the year before, to be at the mercy of the banks and to pay the interest demanded by them.

I quite agree with the Commissioner's remarks that temporary expedients, such as overdrafts or the issue of the Bills should be resorted to only when the attempt to raise a debenture loan has been a failure or when it is considered undesirable to risk the loss of credit by approaching the market with the probability of failure. But when he remarks that last year when banks would not lend money to the Municipality under 7½% it was unlikely that the invitations of tenders from the public would have secured offers very much below this, I think he has greatly misconceived the situation. We should bear in mind that the banks lend money of which the greater portion belongs to the general public. Last year when the banks quoted 7½% per annum for the municipal loan the ordinary rate of interest amongst the general public in the market for good securities was about 6% or a little above that. It was because we went into the market for a large loan of Rs. 30,00,000 and when none but those who were in a position to lend such an amount could come forward, that the rate of interest was quoted so high. The large capitalists were masters of the situation. The object of my proposal is to bring healthy competition into the municipal loans and try to get them at as low a rate of interest as possible. I quite agree with the special provisions suggested by the Commissioner in clauses A, B, C, D and E in para 3 of his letter.

The Commissioner refers in his report to statutes 60 and 61 Vic., Chapter CCXX the London County Council Money Acts of 1896-97. There are four sections in this statute which refer to the borrowing powers *viz.* Secs. 13, 14, 15 and 21.

Section 13 empowers the Council to raise loans, the redemption of which at any fixed date is not binding on the Council. This

power puts the Municipal Debentures on the same basis as Government promissory notes wherein the minimum period may be fixed but the maximum is unlimited. The Government of India in their promissory notes do not guarantee the repayment at the date. They only fixed a period before which Government cannot exercise their powers of redeeming the loans. This is clear from para 5 of the Government Notification No. 3257 of 30th June 1894 which runs thus :—

> "The reduced loan thus constituted will be known as the 3½% loan of 1842-45 and no part of it will be paid off or discharged before August 1st, 1904, nor until the expiration of three months after notice of payment in the *Government Gazette* will be given by the Governor-General in Council."

The issue of such unredeemable loans by the Municipality will greatly facilitate the municipal financing. At the end of the minimum period fixed, if the Council considers it to the general advantage of the public to utilize the sinking fund set apart to repay that loan, for some urgent needs of the Council, it can by a resolution extend the minimum period and fix any other convenient period. As a safeguard against the abuse of this power on the part of the Council, it is further enacted, that though, in case where the money raised by the stock is not required to be repaid within a shorter period than sixty years, still the annual sum to be carried as sinking fund, be calculated on the same basis as if such stock had to be redeemed at par at the expiration of sixty years from the date of the issue thereof. The Council has also the power to determine at any time and from time to time with the sanction of the Treasury the minimum period not exceeding thirty years before which they will not exercise their option of redeeming the same. Such power if granted will no doubt be very useful to us in critical times.

Though the Commissioner in para. 2 of his report, while admitting that the advantages of using such powers would undoubtedly be great, says, that this power does not seem to be such

as would be likely in the present circumstances to tempt the investors in the local market. The chief attraction of the stock of local bodies, he rightly remarks, is the length of its currency and any conditions which would interfere with this, will undoubtedly lead to failure of the loans and he further thinks that it would be futile to legislate in this direction. As to the length of the currency of the loans raised by this section, I submit, the effect would be otherwise than as the Commissioner thinks. If any thing the powers of the Council may rather be exercised in increasing the length of the currency and so according to the principle rightly mentioned by the Commissioner such loans will have the greater attraction.

Section 14 empowers the Council to employ for any purpose on capital account any money for the time being standing to the capital account of the consolidated loans fund (sinking fund) and realize for that purpose any securities in which such money shall be at the time invested. This power would be very useful in times of difficulty such as we experienced during the last two years. It would enable the Corporation to employ its sinking fund more easily for the public good by removing the restriction which attaches to the sinking funds of the terminable stocks. At present we have with us a sinking fund amounting to nearly Rupees twenty-five lacs ; the whole of this amount lay idle with us while we paid 7 or 8 per cent. to the bankers. This sinking fund will yearly augment and within five years will amount to nearly half a crore of rupees. If we get the necessary power we shall then be in a position to utilize some portion of this fund for meeting temporary difficulties. Of course in this section too as in the previous one, in order to prevent the abuse of power and to ensure public confidence, the Council is required to replace the money so employed, in the consolidated loans fund at or before the date at which consolidated stock redeemable by means of such money is required to be redeemed and (as regards moneys accumulated in respect of loans which are not required to be redeemed at any

fixed date) to replace the same within such period not exceeding sixty years from the date of the employment of such money. The power will prevent the necessity of the Corporation having to provide for large accumulations of cash in order to pay off the stock-holders at the requisite redemption dates, thus obviating the complications which must attend any process of actual redemption of such large amounts of stock.

Section 15 also gives the Council the power to utilize for capital account the sinking fund accumulated in respect of the unredeemable loans.

Section 21 has reference to the short period loans which has been fully discussed in the beginning of this letter.

I hold, therefore, that we should apply to the Government to grant us similar powers in order that we may not, in times of difficulty, be at the mercy of the banks while there are other means of tiding over the temporary difficulty and particularly as our demands are not in any way new, but only these which have been granted after long experience of the expert financiers to the first class municipality of the most civilised country of the world and again as Government themselves have come forward and taken the initiative in this matter by writing a demi-official letter to the Commissioner expressing their desire to know his opinion on this matter and asking him to submit a draft of an act if he thinks it expedient to obtain such powers for the Corporation, I feel sure that our request will be favourably considered.

## II

## On the Currency Legislation of 1893

*24th December 1902*

*At the eighteenth Indian National Congress held at Ahmedabad on the 23rd, 24th and 26th December 1902, Mr. Vithaldas Damodar Thackersey moved the following resolution :*

*"That this Congress strongly reiterates its protest against the currency legislation of 1893 which has artificially enhanced the value of the rupee by more than 30 per cent., which indirectly enhances all taxation to that extent, and which whilst giving the Government large surpluses from year to year, affects most injuriously the interests of the agriculturists and other producers of this country."*

I have great pleasure in placing before you this resolution, the subject matter of which is of paramount importance to all classes of producers in India. Gentlemen, the currency policy of the Government of India has been in existence for the last ten years, a period sufficiently long to enable us to judge correctly of its effects on the industrial progress of India and the welfare of its inhabitants. The classes principally affected by this policy may be said to be the agriculturists and manufacturers, on whom the prosperity of the country mainly depends. The former form the bulk of our population, and as such they deserve our best consideration. Owing to the artificial enhancement of the value of our rupee the cultivator receives 30 per cent. less for his produce than he otherwise would with an open mint. His produce is sold in the European markets in competition with the produce of Europe, United States, Canada and other places, and its price is therefore regulated by those governing markets. No rise or fall in the gold value of our rupee can have any material

effect on prices ruling in those markets ; and if the gold value of our rupee is artificially enhanced, the unfortunate producer has to choose between the two evils; either to receive less number of rupees or to be without those markets altogether. This, gentlemen, is the enormous loss to the cultivator on account of our sixteen pence rupee. But this is not all. While on the one hand the producer is compelled to receive nearly 30 per cent. less than what is due to him under natural currency, he has on the other hand to pay a fixed land revenue in the new appreciated rupee. Is it a matter of surprise, therefore, that our agricultural population has come to such a pitch that even the first sign of famine drive them to relief works ? Gentlemen, the recurrence of famine during recent years and the abject poverty of our agricultural population have been vividly dwelt upon by our learned President in his inaugural address and, I believe, you must have seen from my foregoing remarks that the currency legislation is principally at the bottom of all this mischief.

The case of the millowners is in no better plight. Most of you are undoubtedly aware, that the spinning industry of the country has been, for the last several years, passing through a terrible crisis—thanks of course to our artificial currency. Over half of the capital sunk in this industry has already been lost to the investing public, and the remaining portion hardly earns any dividend. Before the currency legislation of 1893, Indian manufacturers with the natural advantage of having cotton on the spot had practically the monopoly of the yarn market of China. Nay, we exported our yarn even to Japan itself, who now threatens to drive us away from the Chinese market. All these natural advantages have been more than neutralized by our unnatural currency. The enhancement of the value of our rupee has brought about a serious fall in exchange with silver-using China which has the effect of bringing in our hands a less number of rupees than before, while the Japanese has not to encounter the evil to the same extent, since the value of his Yen is fixed at very nearly

its natural price. The result is that to-day Japan is able to meet more than one-third of China's demand, and I would not be surprised, if the day comes when Japan would hold the market all to itself as India once did. During the last four years, I have spoken and written so much upon this, to us an all-absorbing subject, that I fear to tire the patience of those who either disagree with the views I have expressed or who care not to study the subject at all. But, let me tell you, gentlemen, that the more deeply I go into the subject, the more deeply I am convinced of the correctness of my conclusions. It is thus a bounty of Rs. 20 per bale to our competitors in the Far East, that has contributed so materially to the ruin of our spinning industry, an industry, the like of which, any country in the world would be proud to possess. The object of the Government in closing the mints to the free coinage of silver was to reduce the loss in exchange for remitting Home Charges and this object, no doubt, they have completely gained. They are thus saving nearly 8 crores of rupees per annum, but the question is " at whose cost "? Some one, of course, must be out of pocket for that amount, so that the Government may gain it. It is impossible to believe that the Government can, by a stroke of legislation, create wealth, and if it is in the power of the Government, to create wealth without injury to anybody, why not raise the value of our rupee to twenty pence and thus make an extra profit of a further eight crores. (Laughter). But no, somebody must be bled and who could be better bled than the producer ?

This policy of Government has levied an indirect tax on production to the extent of nearly 30 per cent. and I am not exaggerating when I say, that this unseemly gain to the Government costs the country many times over and over such profit. On this point, I cannot do better than place before you an extract from the minute of Messrs. Campbell and Muir, two of the most practical members of the Currency Commission of 1898. It runs thus :—

> "To deny that arbitrary enhancement of the currency is a tax, to argue that the producer is no worse off in the long run and that wages and other charges must in time adjust themselves to its altered value, is to maintain the dangerous principle that the Government may lighten its liabilities without injury to any body by a step of this kind. Such a step is undoubtedly a tax on production and if the Government plead that in the absence of any other available source of revenue, trade must bear it, it is unwise to throw the whole of it on one side of trade, the side which is least expedient to tax, and to penalise production while giving a bounty to foreign imports."

I am sure, gentlemen, this will be sufficient authority to convince you of the reasonableness of our demand. It often happens that the people do not care to examine too closely into the causes of their prosperity, but is it possible that there are persons who would not inquire into the cause of their adversity, nay, even refuse to see those causes when placed before their eyes? Lord Curzon has once said that India is a land of surprises, and he may truly add this to the list of those surprises, that the ruined merchants, mill-owners, agriculturists and all connected with the Indian products, who have suffered so heavily from the effects of the Currency Legislation, should have sat with folded hands and followed a do-nothing policy—an attitude most disastrous to their interests and one that would mislead Government as to the real nature of their hardships. But I am glad to say that Bombay, though late, has at last been awakened to its sense of duty. (Hear, hear.) The Indian Currency Reform League has been established there with the object of assisting Government to put the Indian currency on a sound and natural basis. The circular letter from the League has been published from which it will be seen that the demand of the League is not unjustifiable. The present ratio of 1*s.* 4*d.* is not permanently fixed and in the words of Sir David Barbour, it is to be decided "in the light of future experience". Gentlemen, I take this opportunity of inviting your co-operation by joining the League and thereby strengthening the hands of those working in this useful direction. I firmly believe that the time has now come

when by continued agitation the eyes of Government should be opened. If Government is not satisfied with our arguments, the proper course for them is to appoint a Commission of Enquiry to minutely study the effects of the Currency Legislation on the different industries of India, and to suggest an appropriate remedy. (Cheers).

## III

## On the Indian Cotton Industry

*December 1905*

*Before the First Indian Industrial Conference, Benares.*

The subject upon which I purpose shortly to address you is "The past, the present, and the future of the Cotton Industry of India." I have ventured to choose this subject as it is one with which I am tolerably familiar, having been personally engaged in cotton manufactures from my earliest days.

And firstly the Past. The manufacture of cotton dates from a very early period, for we find in Sanskrit records definite mention made of it as being used in India nearly 3,000 years ago. Coming to a later period, the time of Alexander's invasion of India, upwards of 2,000 years ago, the dress of the Indians is described as consisting largely of calicoes, pure white, or adorned with figures. In the year 73 A. D. Pliny, while enumerating the imports of Europe, amongst them refers to muslins and Indian calicoes describing them as of superior excellence. Seventeen centuries ago it was Dacca that sent from its looms those wonderful tissues that adorned the noblest beauties of the court of Augustus Cæsar. The muslin known as "running water" formed the choicest gifts which Bengal could offer to its noblest princes or to its foreign conquerors. The fineness of the quality may be judged from an instance recorded that shortly after the advent of the English, a piece of muslin 20 yards long and 1¼ yard broad weighed only 14 oz. And yet another instance: a specimen of yarn, which Dr. Taylor examined at Dacca in 1846, measured 1,349 yards and weighed only 22 grs., which is in proportion of

250 miles to a pound of staple, working out on the present standard basis as 524s. count of yarn,—a count which even at the present most advanced stage of machinery cannot be produced, and such as has led a competent judge to say that it was beyond his conception how this yarn, greatly finer than the highest number made in England, could be spun by the distaff and spindle or woven by any machinery. With such rude implements as they possessed the Hindu women almost rival Arachnes' fabled skill in spinning. European ingenuity can afford no parallel. So superior indeed were the productions of the Indian spinning wheel and handloom, to those turned out by the manufacturers of Lancashire in the middle of the 18th century, that not only were the Indian calicoes and Indian prints preferred to the British-made cloth, but the Manchester and Blackburn weavers actually imported Indian yarns in large quantities for use in their factories. The invention of machinery, however, was the turning point.

It was about the year 1771-1772 that the Blackburn weavers taking advantage of the inventions and improvements of Arkwright, Hargreaves and others, found themselves in a position to successfully produce plain cotton goods. The invention of the Mule Jenny in 1779 was the commencement of a new era in the history of cotton manufacture, and subsequent improvements coupled with the utilization of steam power enabled Lancashire manufacturers not only to oust the Indian cloth from European markets, but also to undersell the native production in our Indian markets.. It was deemed a great matter with the Lancashire manufacturers when by the aid of mechanical and artistic skill combined with the potent agency of steam, they found themselves able to produce an article considered equal to that which the unlettered Hindu had manipluated in his little mud hut on the remote banks of the Ganges, and which had been produced of like excellence by their ancestors for many previous centuries. The year 1854 marked a second turning-point in the Indian cotton industry, for in that year the first cotton mill was erected in India, and within the first

decade as many as thirteen mills were at full work. The following figures show the progress of the Indian cotton industry :—

| Year. | No. of Mills. | No. of Spindles. | No. of Looms. |
|---|---|---|---|
| 1865 ... | 13 | 285,000 | 3,500 |
| 1876 ... | 47 | 1,100,000 | 9,100 |
| 1886 ... | 95 | 2,261,000 | 17,500 |
| 1896 ... | 155 | 3,933,000 | 37,200 |
| 1905 ... | 197 | 5,163,000 | 50,100 |

It will thus be seen that within the last fifty years the industry has made giant strides. There are now working in India fifty lacs of spindles and fifty thousand power-looms, giving employment to about two lacs of hands with at least as many dependents upon them. We consume nineteen lacs of bales of raw cotton each weighing 392 lbs., which comes to nearly 60 per cent. of the cotton produce of India. Of yarn we produce about 58 crores of lbs., and of cloth 55 crores of yards weighing 16 crores of lbs. About half of this vast industry is claimed by the City and Island of Bombay, while if you include the whole Presidency the figures work out to 75 per cent. Let me now attempt to show you how this production of Indian mills is consumed. This subject necessitates the introduction of figures which on an occasion like this are generally considered to be very dry. But I shall confine myself to as few as possible.

Out of the total yarn production of 58 crores of lbs. that we produced last year, we exported about 23½ crores of lbs., or 40 per cent., to China and other foreign countries, while we used in our own Indian weaving mills over 13½ crores of lbs., or 23 per cent.; the balance of 21 crores of lbs., or 37 per cent. is used by our handloom weavers and for rope and twine. If we deduct about 10 per cent. of this balance as used for rope and twine manufacture, we have left for the handloom industry fully 19 crores of lbs., against 13½ crores by power looms. In addition to 19 crores of lbs. of Indian yarn consumed by handlooms, a further quantity of 3 crores of lbs. was imported from Europe mainly

from the United Kingdom for the use of handlooms. The total quantity consumed by the handlooms, therefore, comes to 22 crores of lbs., nearly double the quantity consumed by power looms. So the hand-weaving industry is by no means a negligible factor, for its production in cloth is probably twice as much as that of the Indian weaving mills.

Next to agriculture, hand-weaving industry is still the largest industry in the country as the Census of 1901 showed 27 lacs cotton handloom weavers, besides dependents numbering 28 lacs of persons. This ancient industry has suffered greatly from the introduction of machine-made goods, and though still possessed of considerable vitality, as the above figures show, seems to be steadily decreasing. It may be interesting to know how our production compares with the home demands of India. As I have mentioned above, the cloth production of power looms came last year to 55 crores of yards against 216 crores of yards of cloth imported from foreign countries, approximately four times our mill production. While our mills produce the coarser cloth, say from yarn upto 30s. count, and in a few cases upto 40s., the bulk of the imported cloth is of the finer quality using yarn over 30s. count. The Indian weaving mills are obliged to restrict themselves for the most part to weaving coarser cloth owing to the inferior quality of cotton now grown in the country. I will not enter at present upon the causes which led to the inferiority of Indian cotton, nor upon the steps taken to improve its quality. Suffice it to say that all concerned are awakened to the importance of the question and Government are making every effort towards improvement of the staple, and this leads us to a short consideration of the future of the Indian cotton industry.

The results of experiments conducted in Sind under the superintendence of the Agricultural Department of the Government of Bombay of growing cotton from Egyptain seeds as irrigation crops are eminently satisfactory, and great hopes are entertained of very considerable immediate im-

provement in the supply of our raw material. If, as is fully anticipated, India shortly produces between two and three lacs of bales of this Egypto-Indian cotton and if, as there is reason to believe from the experiments conducted in Southern India, "Tree Cotton" may be plentifully and successfully grown, it will revolutionize the whole cotton industry. As I have said elsewhere it would enable the Indian mills to manufacture finer yarn and cloth for which there is an enormous demand in India, so clearly proved by the import figures I have already placed before you. It may be said that Europe would outbid us for this cotton, but who would doubt the capability of a country growing its own cotton and having a home consuming market at its doors to hold its own against any outside competition.

I am in no way less sanguine of the prospects of our very important handloom industry, although I believe, there is a general impression that it is a small, moribund industry, inevitably doomed to be entirely crushed out by the power loom. Let us not ignore its importance under this very mistaken idea. This village industry gives means of livelihood not only to an immense number of the weaver class, but affords means of supplementing the incomes of agriculturists, the back-bone of India, who usually employ themselves on handlooms when field-work is unnecessary, and also when, owing to famine, drought, or excessive rains, agricultural operations are not possible. Now the apparatus with which they work is nearly two centuries behind the time. Mr. Havell, Principal of the Calcutta School of Art, Mr. Chatterton of the Madras School of Art, and Mr. Churchill of Ahmednagar, along with many others, are doing yeomen's service by taking keen interest in the question of supplying economical and improved apparatus to the handloom weavers. Mr. Havell has pointed out that in preparing the warp, our handloom weavers are incapable of winding more than two threads at a time, though the simplest mechanical device would enable them to treat 50 to 100 threads simultaneously. The latest European handloom which successfully competes with the

power-loom in Cairo and in many places in Europe, can turn out a maximum of 48 yards of common cloth in a day. Mr. Havell is satisfied that the greater portion of the imported cotton cloth can be made on Indian handloom with great profit to the whole community. The question of immediate revival of the handloom weaving industry on a commercial basis demands the most earnest attention of every well-wisher of India, and evidence gives promise of a successful issue to efforts put forward in this direction. It will be an evil day for India, if by our negligence and want of support, we fail to place at the disposal of our weavers every improved and economical means of enabling them to profitably pursue their village industry on which directly and indirectly depend an immense number of our people and drive them to poverty and distress. I commend this subject, therefore, to your most careful consideration.

## IV

## Presidential Address

*December 1906.*

*At the Second Indian Industrial Conference, Calcutta*

GENTLEMEN,

It was with much diffidence that I accepted the invitation of the Executive Committee to preside over the deliberations of this, the second Session of our Industrial Conference. While I considered it a very great honour which the Committee wished to confer on me, I yet felt that it was one to which I could not hope to do as much justice as, for instance, His Highness the Maharaja Gaekwar who has just addressed to you words of ripe wisdom from his experience of many lands and his study of many systems, or the first President, Mr. Romesh Chandra Dutt, whose large administrative experience, wide reading, and sound knowledge of economic and industrial history, pre-eminently qualified him to guide this Conference in the great work that it has undertaken. I allowed myself, however, to be persuaded into accepting the important part that it was proposed to assign to me in connection with this year's meeting, by the consideration that the Conference, being devoted to the advancement of industries and commerce, may be pleased to give indulgent hearing to one who is engaged in these activities, and who may, therefore, be expected to know the more practical aspects of some of the many problems which this conference may help to solve. I shall not detain you further with personal observation, and for the few that I have already made I offer you my apologies.

Ladies and Gentlemen, whatever doubts might have been felt last year as to the utility of holding an Industrial Conference, I am sure they have been dispelled by the experience that we have already gained. The meeting of the Conference and the circular letters of the General Secretary, the tours made by the Assistant Secretary in Madras and Northern India, of which a very interesting account has been supplied to us, the admirable report of the Proceedings of the last Conference, and Mr. Mudholker's excellent summary of industrial activities in the country during the year, are all proofs of the success that has attended the efforts of the promoters of the Conference to create public interest in industrial questions. At no period, in our history, have the thoughts of the people been concentrated so much on the development of Indian indigenous industries. The objects of the Conference have evoked the warm sympathies of Government and of the official and non-official European community, which I consider to be a happy augury of the success of our industrial movement. Differences may arise, they must arise now and then between the Indian and non-official Anglo-Indian communities, as regards political and administrative questions with which, however, we have nothing to do on this platform. But on industrial and economic questions there is a very extensive field for co-operation and fellow-feeling between them. The Englishman who invests capital and spends his energies in Indian industries suffers equally with the Indian producer from ignorant interference from Home, the thrusting of inequitable financial burdens on the taxpayer in India, and the adoption of measures which lead to discontent and unsettlement of the minds of the people. I rejoice to see that this is coming to be recognised in an increasing degree and I may mention as an illustration the strong and unanimous opposition which Anglo-Indian opinion offered, in support of Indian interests to proposals of one or other of these kinds made in recent years. I am firmly convinced that the promoters of this Conference have displayed true statesmanship and deep insight into the realities of the situation in extending

their appeal for sympathy and support to Government and the non-official European community; and the response from these quarters which has been received and which is set forth fully in the excellent Report of the last Conference is, I think, one of the brightest and most hopeful features of public life at the present time. I earnestly pray that the feeling of harmony thus begun will gain in strength and power as the years pass, and that Englishmen and Indians will appreciate to a larger extent the value of mutual co-operation for the material advancement of the country and in the amelioration of the unspeakably wretched condition which is the lot of millions of the Indian people. While on this subject I should not omit to say a word of acknowledgment of the able and extremely sympathetic manner in which the new Commercial and Industrial Department of the Government of India has been administered by the retiring Member, the Hon'ble Mr. Hewett and Mr. W. L. Harvey, the capable Secretary in charge of the Department, and to express the hope that under the new Member, who is well-known and justly esteemed in this country, the Department will gain further the confidence and good-will of the industrial and commercial public. The appointment of the Stores Committee and the resolution announcing its appointment, afforded conclusive proof of the great sympathy felt by the present Government of India for the cause of our industrial advancement, and the whole country looks to His Excellency the Viceroy, of whose strength of principle and devotion to duty it has had ample proof, not to allow interested intervention to frustrate the just and righteous object with which the Committee was appointed. The Committee has made its Report, and I would humbly suggest that the Report should be published at once to enable the public to express its opinion on the recommendations contained in it. The value of such enquiries extends beyond their immediate results. I respectfully submit that we are entitled to have an opportunity of expressing our opinion on the recommendations before the Government in England or India pronounces its final decision.

This is a matter where Indian and Anglo-Indian interests are identical and this conference will have the whole country at its back if it elect to approach Government with a prayer for the immediate publication of the Report of the Indian Stores Committee.

I have referred to Englishmen who have invested capital in Indian Industry, and I may not inappropriately make some observations here on the much debated question of Indian versus Foreign Capital. The great mistake to be guarded against is that, because certain capital used in India is foreign, it therefore must do harm to the country. It has, of course, to be considered that we ought not to pay too high a price for it. Let us take the instance of Japan, an Asiatic people who have risen to greatness on account of their practical genius, whose industrial conditions are similar in many respects to our own, and whom we are all naturally anxious now-a-days to emulate. All the great statesmen and patriots of Japan are eager to attract foreign capital to their country for purposes of industrial development. It is because they feel that notwithstanding their skill, enterprise and ability, they are greatly handicapped owing to want of capital. At the same time, when they speak of attracting foreign capital, they do not mean to allow all the profits of the industry to go out of the country. They will not pay more than a reasonable price for it. Their position as an independent State, of course, enables them to regulate the conditions under which foreign capital will be free to engage in the development of the country. But in our country, where the open door policy prevails to the fullest extent, and where already there is a very large amount of foreign capital invested, and, I admit, there is a very large field for it, it is necessary for us to form a general conception of the limits within which its application is beneficial.

Let us take our railways. The capital outlay from the commencement on open lines, lines partly open and on lines wholly under construction, amounted at the close of the calendar year 1905 to over Rupees 370 crores. Without

maintaining that the railway policy of the Government of India has always been dictated solely by the productive needs of the country, I may say that we cannot be enjoying all the advantages of these railways, the ability to cope with famine, the easy transportation from one part of the country to another, and not least of all our assembling here to-day for the purpose of advancing the interests of the country in various directions, but for the fact that we were able to get this large capital at a comparatively cheap rate of interest from England. Indeed, it is easy to see that the spirit of nationalism that is inspiring our movements to-day would have been impossible but for the network of railways which, annihilating distance, brings the Punjab and Madras, Assam and Baluchistan near to each other and binds the whole country by the common bond of economic and national interests. Apart from strategic railways, everybody is agreed as to the immense benefits which have been conferred on the country. Even now there are several new lines which may be laid down with the greatest benefit, and which will tap new country and which may give scope for Indian capital, if we can be satisfied with a return of 4 per cent. on the outlay. If we cannot afford to invest money at that rate, is it not desirable that those who are able to do so should lend us the money? Though in the beginning railways may not earn much, experience shows that their earning power steadily increases with the progress of the country. If Government had allowed foreign investors to construct railways unconditionally, the high profits and the unearned increments thereof would have gone out of the country for ever to enrich the original investors after the manner of the American magnates who have the good fortune to be the sole owners of railways uncontrolled by Government. We owe, therefore, a deep debt of gratitude to those who, with clear foresight, kept in view while arranging terms with the guaranteed railway companies the ultimate object of nationalising them after allowing the investors to take the full benefit of the railway for a

period, generally of twenty-five years. It is thus that most of the main lines have already become State lines, and that the few remaining ones will become so in course of time. The system of annuities for paying the value of railways on the termination of the term fixed by their contracts obviates the raising of heavy loans. All the railways in the country will have become State property in 1953, bringing in a net annual revenue of over 4 crores of rupees, without any capital cost to the country, taking the present revenue as it is. Here, then, is an instance of the right use of foreign capital. But when we turn to the petroleum industry in Burma, the gold mines of Mysore, the coal mines of Bengal, the tea and jute industries, the carrying trade by sea and the financing of our vast foreign trade by foreign banks, we come upon another and a less favourable aspect of the question of the investment of foreign capital. It is impossible to estimate accurately the amount of wealth that goes out of the country in this manner, though an approximate idea can be had of it from the excess of our exports over our imports, after omitting Government transactions. It must be remembered that so such of this amount as represents merely the interest on borrowed capital, should not be regarded in the light of a drain from the country. It is in such investments as these that we find cause for complaint. In such cases, I cannot but think that it would be to the permanent good of the country to allow petroleum to remain under ground and the gold to rest in the bowels of the earth, until the gradual regeneration of the country, which must come about under British rule, enables her own industrialists to raise them and get the profits of the industries. A country which maintains a population of thirty crores is not likely to let about one lakh persons starve, and this is the number of wage-earners benefited by these industries. The price paid is much too great for the advantages accruing from them to the country. That such is the view of all impartial people who are sincerely interested in the material advancement of the country, is proved by the following passage which I quote from

the excellent paper which Mr. Holland, the Director-General of Geological Survey, read before this Conference last year. Speaking of the successful exploitation of the petroleum fields of Burma, he observed:

> "The one regrettable feature is the fact that the capital required to drill the deep wells has been raised in Europe, and the profits consequently have left the country. In the petroleum industry, as in so many other enterprises of the kind, India will continue to pay such an unnecessary and undesirable tax as long as those in the country who possess money will not risk their reserve fund in industrial purposes."

I think, however, that indigenous capital will not be quite enough for financing the enormous and ever-expanding trade of the country and for accelerating the progress of our material and industrial regeneration. For these purposes, we require as much capital as we can, and if we can get it cheaper in England than in India, I for one do not see why we should not avail ourselves of it. No country in the world can make much progress in industrial directions without plenty of capital. The problem of India may be briefly stated as follows :—

Our immense trade, our comparatively small capital, the fixed open door policy of our Government, and the absence of power to control our financial policy—these are the main factors of the situation and the question is how best we can under these conditions develop our industries. We cannot do without foreign capital; it will be extremely short-sighted to reject it on sentimental grounds. We must avail ourselves of it, but we ought to take care that we do not pay more for it than other nations. We have to consider what is the best way of bringing foreign capital to India. It is necessary for this purpose to offer foreign capitalists absolute security for their money, in order to get it as cheaply as possible. Government is in a position to do this and hence Government is able to borrow from them as much as it likes on easy terms. There are few private individuals in India who can offer security necessary for this purpose. Smaller capitalists there are in plenty but each

of these by himself can be of no use in this matter. But what individuals cannot do singly, they can do by combination. Joint-stock banks being the results of such combination offer the only means of bringing foreign capital into the country at easy interest. Till recently there have been no such banks among us, with large enough capital for the purpose. It is, however, a matter for satisfaction that two such banks have been started in Bombay within the last few months. These banks at present intend to finance the internal trade of the country for which there is a wide scope; but we hope that after some time they may feel their way to extend their operations to foreign exchanges, and thus take advantage of foreign capital as the other exchange banks are at present doing. We want more of such banks in order that the present situation may be ameliorated. The Presidency Banks are not allowed to borrow from foreign countries. The exchange banks do trade with foreign capital, but as their shareholders and directors are outside of India, the immense profits of the trade go to them and not to the people of India who get only the bare interest on their deposits running to over sixteen crores, in these banks. Indian banks with large capital have, therefore, an important function to perform in this and in other ways and I hope and trust that the movement begun in Bombay will expand and flourish. There is one other suggestion which I should like to make before leaving this part of the subject. It may happen in many cases that although we may not be able to provide all the capital required for a new industry, we may yet be able to supply a portion of it, and so save some portion of the profits of the industry from leaving the country. But few foreign companies ever give a chance to Indian capital. They like to do all the financing themselves, and do not even place their shares in the Indian market. This is unfair, and I would suggest that the legislature should make it obligatory on every industrial concern floated by foreign companies that the same opportunities should be given to Indian capitalists, that the prospectus should be published simultaneously

in both countries, that the time for applications for shares should be the same, and that allotment must be made at the same rates, and on the same principles. This is the least that our Government should do under the present circumstances. These are other aspects of the subject, but I shall not take up more of your time in dealing with them, especially as the Hon'ble Mr. Daji Abaji Khare is going to devote a whole paper to the questions of indigenous and foreign capital, to be read at this conference.

You will, perhaps, expect me to refer here to the Swadeshi movement, and I hasten to satisfy that expectation. Whatever Bengal might have done or failed to do during the last twelve months, she has undoubtedly given an impetus to the Swadeshi idea. All over the country to-day, among young and old, rich and poor, men and women, high caste and low caste, the word "Swadeshi" has become a household word, and the spirit of it too, we may hope, is well understood. Gentlemen of Bengal, on behalf of the whole country I tender you our hearty thanks for this valuable result which is wholly due to your enthusiasm in the cause of the motherland. I am not one of those, gentlemen, who sneer at enthusiasm. Enthusiasm is divine, and without it even in regard to the industrial regeneration of the country we can achieve but little. You have applied the life-giving spark to the slumbering spirit of Swadeshism in this land, and yours is the honour of concentrating the national mind on the work of industrial development. It is inevitable that in a time of excitement and distress words might be spoken and things done which in calmer moments might not commend themselves to our sober judgment. I am referring solely to the effect of your enthusiasm and self-sacrifice on the whole of India, even among those who did not and could not see eye to eye with the Bengalis on the question of Partition and the subsidiary questions connected with it.

Gentlemen, we have got the Swadeshi idea firmly implanted in the national mind. We have now to consider what our programme should be for the near future. We cannot do everything

at once. Industries are not created in a day. We should profit by the experience of other countries which have grown industrially great, and in the pursuit of the swadeshi ideal, we should follow the methods which have proved successful in those countries. I admit that in one important respect the conditions with which we are beset are somewhat different from those prevailing in countries which have come to the front as centres of the world's great industries. We cannot look to Government to give us any direct help in the shape of protective import duties or bounties such as have been given in other countries. But short of that, Government can do much and I am satisfied that they are not likely to revert to the old *laissez-faire* policy in respect of our industrial advancement. Although, as I have said, we cannot do everything at once, our plan of action should be drawn up with a view to future developments in all directions. When you view the industrial situation, Gentlemen, the first thing that forces itself on your attention is the primitive condition of the premier industry of the country, I mean the Agricultural Industry, the industry which supports more than 60 per cent. of our population, and on which we must depend for our subsistence as well as for the raw material of our chief manufacturing industries. So long as agriculture is carried on in the present primitive fashion, no great industrial improvement need be expected in India. Even protectionist economists admit that until the agricultural industry has reached a high state of development, manufacturing industries cannot be largely brought into existence even with the support of the State. In England itself the era of manufactures was immediately preceded by a period of extraordinary agricultural development, due mainly to the enterprise of the great landlords. I rejoice to see that the greatest landlord of all in India, namely Government, are recognising their duty and have taken and are taking measures to spread a scientific knowledge of agriculture, by means of colleges, experimental farms and such other measures to free cultivation from insect pests and to introduce new and valuable forms of the agri-

cultural industry. The work done in connection with rubber cultivation, if it lead to the tree becoming naturalised in India, would add materially to the national income, as the demand for rubber all over the world is immense. While Government are waking to their duty, it behoves private landlords like the zemindars of Bengal, who correspond to the landed aristocracy of England, to devote their time and resources towards developing their industry. Gentlemen, if the swadeshi spirit inspires these great landed magnates to introduce science and system into agriculture so as to make it yield the highest profit of which it is capable, then, believe me, you will be in sight of large manufactures financed, controlled and worked by our own countrymen. It is a common fallacy to suppose that the arena of great achievements lies far afield of our every day lives. It is never so. Few people talk of the swadeshi movement in connection with agriculture. But really that is the industry which most requires the application of the true swadeshi spirit, for on it are based all our possibilities of manufacturing industries. If the mill industry flourishes in Western India, it is because the Gujerati is acknowledged on all hands to be the most efficient cultivator of cotton in India.

From agriculture, let us turn to mineral industries in which considerable interest is being evinced at the present time. I do not think that there is any one in India who can speak with greater authority or give more valuable information on this subject than Mr. Holland, the Director of the Geological Survey of India, and I would remind you of his admirable paper read before this conference last year as well as to his official reports. He is a gentleman with the true swadeshi instinct in him and to his influence is due to a very large extent the active interest shown everywhere in mining enterprise.

Possessed of the knack of clothing technical matter in popular style, his reports are easily intelligible to the general reader and have

been read everywhere with enthusiasm. There was a very marked development of interest in mineral industries last year resulting in an increase of 50 per cent. in the prospecting licences and mining leases taken up. The explorations of geologists confirm the verdict of ancient history that our country is rich in minerals of every kind and that there is hardly anything which we cannot produce if only capital, enterprise, and the requisite technical knowledge were forthcoming. The total value of the mineral production of India, omitting minor industries for which no returns are available, was over 8½ crores of rupees in 1905. Gold and coal contributed two-thirds of this value, and in both of these mineral industries I need hardly tell you that Indians have very little share. The same is the case with the petroleum industry which comes third in the list of values. These three together account for three-fourths of the total value of mineral production in India. What are the causes of this apathy on the part of the Indian people? Want of capital is one cause. But want of technical and scientific knowlege is probably a more important one. One of the first needs of the country, therefore, is to educate a large number of young men and to train them up in mineral industries. So long as there is the present dearth of skilled experts, and one has to pay a high price for the simple work of exploration, we can never expect mining industries to progress rapidly. One does not grudge to pay a high fee to an expert who has to be consulted at the final stages or from time to time during the progress of the work of exploration. But for preliminary work, we want a large number of trained men with a thorough practical knowledge of the different kinds of mineral industries. Government have already done something in this direction. In Bengal a scheme for giving mining instruction has been sanctioned by the Imperial Government, and a Mining Professor and a Mining Inspector have been engaged. The experience of these officers dispelled the fear expressed in some quarters that there was no real demand for mining instruction in India. Professor Robertson has

received applications which show that India-trained mining students will be able to readily obtain employment when they become qualified. Four young Indians are studying mining in the University of Birmingham, receiving government scholarships of £ 150 per annum. These are happy signs, but we cannot help thinking that instead of sending Indian students to learn mining in England, the conditions here are such that Government by establishing an up-to-date mining College in India can make this country a great centre of mining instruction, besides training our own students to take charge of the higher posts in the Geological Department. If it be deemed necessary to give Indian students the expanded knowledge that comes of visiting the cenres of mining in Europe and America, it can be so arranged that after completing their course of studies in the Indian College they may spend a short time in those centres. It is a matter for thankfulness that Government rules in relation to mining enterprise are liberal and, speaking from my own personal experience, I can say that the Geological Department is always anxious to give the the fullest information and assistance to any enquiry. In connection with the mineral industries, it has been pointed out that without a cycle of chemical industries, it is almost impossible to make several of them paying. Several instances of this kind are mentioned in Mr. Holland's quinquennial review published last year. In his paper read before this conference last year, Mr. Holland referred to the manufacture of ammonium sulphate as a very promising industry. It is gratifying that the East India Railway Company has now nearly completed the erection of a plant on the Giridih coal-field for this purpose. I have no doubt that other colliery owners will follow suit when they find that this experiment proves successful. I also understand that a small plant for the manufacture of ammonium sulphate from gas-liquor has been set up by the Calcutta Gas Co., using sulphuric acid. There is a vast field for this as well as for similar industries which make use of the by-products of mineral industries but a large

number of chemical experts are required to utilise them in full measure.

I will now refer shortly to manufacturing industry of which cotton is by far the most important, both in bulk and value. Next to food, comes clothing among the necessaries of life. I will not detain you with the statistics of the industry. These have been ably enlarged upon in some of the papers read before the conference at Benares. Nor shall I take up your time with my opinions on the handloom industry and its prospects. A separate resolution is to be submitted to you on the subject and the speakers to that resolution will not thank me for anticipating their remarks in my address. The importance of the handloom industry is widely recognised and the only question is how the ordinary handloom can be improved so as to meet the competition of its rivals. The conditions of the new handloom are that it should be cheap, simple in construction, and capable of being easily repaired by the village carpenter, while at the same time the output should be larger than that of the existing ones. There are several inventions in the field, and only experience can show which of them come up most to these requirements.

Turning to the power-loom industry of which I can speak from personal knowledge, most of you are aware that Indian mills produce cloth generally of the coarser kinds largely manufactured upto 21s. warp and 30s. weft ; and only a small proportion of finer kinds of cloth. The reason why they have to restrict themselves to the production of the coarser sorts is the quality of cotton grown in the country at present. So long as cotton of superior staple is not produced here, it is hopeless to expect the manufacturer to improve the quality of his cloth. That he is doing his best is clear from the fact that the official returns show that every year finer qualities of cloth are manufactured to an increasing extent. At the present moment cloth of the quality which Indian mills largely produce is hardly imported into India. If the country gives the Indian manufacturer a superior staple cotton,

there can hardly be a doubt that he will be able to supply the needs of the people from his looms. What a large field there is yet to be exploited by the Indian power-loom weaver, is shown by the fact that the quantity of cloth imported from Great Britain last year amounted to over 290 crores of yards. Besides we imported 3½ crores lbs. of yarn. If the Indian mill-owner is able to produce the superior kinds of cloth and yarn, he can safely increase the number of mills to ten times what they are. I am glad to say that the prospects of our being able to weave finer cloth are fairly promising. The gratitude of the country is due to the Government of Bombay for its action in regard to the experiments for the cultivation of high-class cotton in Sind from Egyptian seed, which have been attended with splendid success. The area shown this year was 7,000 acres. From the point of view of the agriculturist also, the introduction of the superior cotton has been a great boon. The yield per acre was greater and the price considerably higher than that obtained for ordinary Sind cotton. The gain to the cultivator is so great from the introduction of Egyptian cotton, that it is not extravagant to hope that all the arable land suitable for this quality of cotton on the banks of the great perennial irrigation canals, which is estimated to be at least 100,000 acres and is probably more, and more will be brought under it at no distant date. The only retarding feature is that this year the plants were attacked by boll-worm and sustained damage to the extent of 50 per cent. But the Government entomologist, Mr. Lefroy, has suggested to cultivators a certain method of prevention which we may hope they will follow. When this comes to pass, the conditions of the Indian cotton industry will be revolutionised and India will be able to supply a very large portion of her demand for superior kinds of cloth. Then will be the time for the full realisation of the swadeshi ideal in respect of our clothing. Until then for superior varieties of cloth we must depend on the foreign producer.

✓May I venture to make an observation here in regard to the

complaint lodged against Indian manufacturers by our Bengali friends to the effect that they (the manufacturers) did not sufficiently support them in their patriotic and unselfish swadeshi propagandism ? Those who brought forward the charge did not realise that prices are regulated by the unalterable laws of supply and demand and that howsoever laudable the object may be, it is impossible to contol prices by artificial means even if the manufacturers desire to do so. The manufacturer is only one stage in the process whereby the cloth that he produces reaches the person who uses it. Between him and consumer there is a hierachy of intermediaries all of whom, depending as they do on the profits of trade for their maintenance, are not likely at any time to forego the opportunity of higher profits. Even if the manufacturer reduced prices to a slight degree below the market level, it would not at all follow that the consumer would get the advantage. The dealers would get it.

The mechanism of trade is a highly complex one and a single bale of cloth has to pass through three or four hands before it reaches the consumer. It is too much to expect each of these persons to be so philanthropic as to lose his legitimate opportunity. The complaint is founded on a misconception as to the nature of trade which follows high prices as water flows from a higher to a lower level.

The one unfortunate element of the Indian cotton mill industry, is that it has always been looked upon by Lancashire manufacturers with unfriendly eyes. From time to time, the self-interest of these manufacturers has laid a heavy hand on our long struggling industry under one pretext or another. Now, it is the sacred principle of free trade; at another time it is humanity and philanthropy and all the virtues of mankind rolled into one. I do not refer to the abolition of the import duties on cotton goods twenty-five years ago. But the imposition of the excise duty on mill-made cotton cloth in compensation for a revenue duty on imported cotton goods was a flagrant departure from the practice

of Great Britain itself. But this has not been enough. The cry is now for restricting the hours of labour of adult male labourers in our mills. The reason assigned for the interference is, of course, humanity, but sometimes the cloak is thrown aside and the naked truth comes into view. Thus during the discussion of the Indian Budget in the Hourse of Commons, Mr. Keir Hardie complained that the manufacturer in India had the advantage of lower wages. It was wrong, he said, that he should also have the advantage of long hours. Well, if we consider the immense advantage England has over India in regard to manufacturing industries, on the principle of Mr. Keir Hardie's complaint, we should be justified in asking for a curtailment of many of them. But who would listen to us? If the possession of cheap labour is an undue advantage, why not the possession of cheap capital? The fact, however, is Lancashire does not care to argue with us. It is the old story of the wolf and the lamb. Lancashire would be glad to kill the Indian industry, and one reason is as good as another for that purpose. It is due however to the Government of India to acknowledge that they have always tried to withstand the pressure of Lancashire, though unfortunately for us often without success. Now, Mr. Morley has been induced to send out a special Inspector to enquire into the conditions of labour in Indian factories. The factory-owners in India will do their best to facilitate his work, for they have nothing to conceal. But we have our fears that Lancashire will be satisfied with nothing less than putting a limit on the hours of adult male labour. Such a thing would be unprecedented, and we may hope that the Government of India will energetically protect the interests of our industries. We may appeal to Mr. Morley himself who is fully cognisant of the evils of such restriction to resist the attempts of Lancashire to cripple the Indian industry. The Bengal Chamber of Commerce has strongly protested against interference with the hours of labour in jute mills and on behalf of the cotton mill industry, I humbly add my protest in the same sense to that of the Chamber.

I have dwelt at length on the two most important industries of India. There are numerous other industries for which there is a vast field in this country and which, if taken up by our capitalists, would be productive of great benefit to themselves as well as to the labouring population. After cotton piecegoods, sugar is the most important article imported into India in point of value, and it is well-known that the sugar industry has been declining in this country of late years as the result of foreign competition. The history of the establishment of the beet sugar industry in Europe and its development to its present proportions, is one of the most fascinating chapters of industrial history and for a succinct account of it I would refer you to the excellent series of articles which have appeared in the pages of the *Indian Trade Journal*, which my friend, Mr. Noel Paton, edits with quite as much zeal as ability. *The Indian Trade Journal* has enhanced the practical value of the series of articles on sugar by publishing statistics relating to the production of sugar-cane and the demand for sugar in each of the provinces of India. India is the home of the sugar-cane and is it not strange that we should be ousted from the manufacture of sugar by foreign competition? There is an immense market for sugar in this country. What is needed here is, first, the improvement of the quality of the sugar-cane grown and the introduction of modern machinery. Investigation has shown that beet-root cannot be grown in India on a profitable scale. But it has been found possible to increase the percentage of sugar in the cane by the use of suitable manure. Thus the problem is an agricultural one first. The United Provinces of Agra and Oudh have the largest area of land under sugar-cane, and we may hope that our friends in those provinces will take early steps to organise the sugar industry on modern lines. There are similarly the jute industry which our Bengali friends ought to develop, silk which may be introduced in several parts of the country, and paper in Burma, as shown by an instructive monograph just issued by the Government paper expert, Mr. Sindall. Leather is another industry for which there

is a large field in India. It does not require large fixed capital, and in spite of the prejudice against working in hides, there is a large amount of cheap labour available. The enormous number of hides and skins exported from the country every year shows that there is no lack of the raw material for the industry. We are thankful to the Government of Madras for all that it has done and is doing to establish the chrome leather industry in that province. I would observe in passing that it is not necessary nor is it advantageous that the same industries should be established in all parts of the country. This may not be possible in the first place. Even where it may be possible it may be found, perhaps, that the production of wealth will be better assisted by leaving provinces to promote the industry for which they have special facilities. I venture to suggest that the Commercial Department should have its counterpart in each province, the duty of the provincial department being to devote its attention to the industrial and commercial possibilities of the province and keep in touch with its economic problems. Of course this is being done to some extent under the present system but the work deserves to be attended to more systematically and thoroughly. I read with pleasure the other day in the papers that the Madras Government has appointed Mr. Alfred Chatterton, Director of Industrial and Technical Inquiries in that presidency for five years. Mr. Chatterton's work for the industrial development of the southern presidency is well-known, and there is every reason to expect that in the next five years he will be able to do important service in exploring the industrial capacities of the province. We want similar measures adopted in every province in the country. Provincial agencies will be better able to conduct the much needed survey of some of the old art industries such as carving, carpet-making, and so on and do something to revive them among the classes hereditarily working in them.

Gentlemen, I have spoken of the organisation of capital and the development of industries. I should not omit to make a few

observations on the all-important question of the supply of labour. True, we have a large population, but owing to illiteracy and the prejudices concomitant to it, every industry in the land feels the difficulty arising from not having an adequate supply of labour. In order to convert our vast population into an effective labour-force, we have first of all to instil into them the rudiments of knowledge, which will widen their mental outlook, fill them with new aspirations, and enable them to know what opportunities await them in the industrial world and to take advantage of them for their own and their country's benefit. Plague has in many parts of the country played sad havoc with the labour supply and speaking from the purely industrial and commercial point of view, I beg to express the earnest hope that Government may be pleased to create more centres of investigation, so that the discovery of a remedy may be accelerated. Except by the Committee working at the Parel Laboratory, there is no effort made at present to elucidate the etiology of the disease and what can one Committee sitting in a single centre of plague do to trace the causes of a calamity so widespread and elusive ?

Gentlemen, you will know that the Government of India have addressed Local Governments on the subject of the abolition of fees in primary schools throughout the country. From the strong views expressed by the Supreme Government in their circular letter, we are led to hope that the proposal will be carried through at no distant date. This will be the first step towards introducing a system of universal national education, and its effects are bound to be most beneficial to the people. Gentlemen, I hope that Government will be equally liberal towards technical education for which the grant now made is insignificant, considering the vast extent of the country and our large population. What I have said above as to the necessity of a large number of experts for the development of mining industries, applies with equal force to all industries, and hence technical education on a large scale is one of our primary needs. I may also mention here the importance of a

wider spread of commercial education, which at present is practically neglected by the State. I ought to make an exception in the case of Bengal where commercial education is imparted in the Presidency College at Calcutta and Madras where a rather feeble attempt has been made to encourage it. Those who do not understand what commercial education is and mistake it to be mere book-keeping, sneer at it, but commercial education is much more than that, and if there were more of commercially educated men among us, we would be able to retain in the country a very large proportion of the profits which now go to foreign firms which do importing and exporting business only.

Coming to the highest departments of industrial education, the department of scientific research, it is gratifying to note that after a long period of suspended animation, the Indian Institute of Science, which owes its origin to the far-seeing patriotism and princely munificence of the late Mr. Jamsetji N. Tata is likely to shortly become an accomplished fact, as evidenced by the appointment of Dr. Travers, an eminent scientist, to the Directorship of the institution. All these are hopeful signs of the times and I am sure you will agree that they all point to a bright industrial future for our country.

Gentlemen, I have endeavoured in the remarks that I have made to-day to set before you in as few words as possible the main features of the industrial situation as it appears to me—the importance of utilizing foreign capital in the development of the country instead of being utilised by it for its own gain, the principal directions in which industrial progress may be made, the lines on which we should proceed, and the requirements of the country in the matter of technical and scientific education. No doubt, there have been omissions, but these, I am sure, will be supplied by the gentlemen who will speak on the several resolutions to be placed before you. The word swadeshi, gentlemen, signifies the love of motherland. It does not signify hatred of any other land. This love of motherland, if it really becomes a part

of our nature, will manifest itself not in one direction only but in all; not in one department of life only but in all departments of it. Industrially you all know that swadeshism is enforced in many civilised countries by means of prohibitive tariffs, and bounties to home producers. This may or may not be a wise policy, but that is not at any rate nothing immoral or unrighteous. We are only following the example of these nations, and following it at a very great distance, by making efforts to encourage indigenous industries. There is nothing wrong in this. On the contrary, it is all the more creditable to us that what in other countries requires to be enforced by the State, is undertaken here by the spontaneous action of the people. May the spirit of swadeshism grow among us, and may the development of industries, which is sure to follow it, expel for ever from this ancient land the gaunt spectre of famine which broods over it the moment that there is a deficiency in the rainfall.

## V

## On the Cotton Textile Industry

*31st March 1907*

*Speech at the Annual General Meeting of the Bombay Millowners' Association.*

GENTLEMEN,

In moving the adoption of the Report, I beg your indulgence for the few observations which I propose to make on some of the principal events concerning our industry during last year. The first and most striking fact is, of course, the further decline in our trade with China. The shipments of country-made piecegoods from Bombay to that country in 1907 showed a total decrease on the previous twelve months of 1906 of 350,998 yards or 49·85 per cent. and those of country made yarn showed a decrease of 184,799 bales or 30·95 per cent. Whatever the causes of this decrease they operated against the United Kingdom and Japan as well as India. There was a decrease in the imports into China of English yarn of about 15 per cent. and in those of piecegoods of about 23 per cent. on the figures of 1906. As regards the exports from Japan to China, I have been able to obtain some figures which confirm the observations made by Mr. E. T. Crowe, His Brittannic Majesty's Commercial Attache, Yokohama, in a communication to the *Indian Trade Journal* of the 26th ultimo, to the effect that owing largely to the depreciation of silver, the demand for Japanese yarn from China had decreased considerably of late and that stocks were piling up in Osaka and Kobe and that the Japanese Cotton Spinners' Association, finding that a reduction in working

hours had not the expected effect of improving prices, had decided to adopt the price coupon system to increase the sale of Japanese yarn in China. The exports of yarn from Japan to China decreased from 243,220 bales in 1906 to 190,869 bales in 1907. Mr. Crowe took a gloomy view of the state of the Japanese industry. But we ought not to allow ourselves to be lulled into a sense of false security by the temporary depression of the Japanese industry, from causes which have affected all the countries having trade relations with China, as we know from past experience that owing to several advantages, natural and political, and a protected home market, Japan has for years past been gradually stealing a march over us. The competition of America and Manchester, we need not much fear, as the cheapness of Indian yarn will always tell in its favour at their expense. But even more than the unequal competition of Japan, we have to fear the opposition Indian yarn may have to meet in China, originating from the industrial development of the country itself. There can be no doubt that China is rapidly awakening to her possibilities of material progress on modern lines. This awakening is discernible both in the Government and the people. An Imperial Decree was recently issued concerning the promotion of all descriptions of industrial work in that vast Empire. The Viceroys and Governors have been instructed to pay special attention to devising ways and means to induce well-to-do Chinese merchants and other to invest money for the improvement of agricultural, industrial, railway and mining enterprises either individually or by forming joint stock companies. The Imperial Government has undertaken to bestow large rewards on those who succeed in promoting any industrial enterprises and the provincial authorities have been warned to carry out these instructions carefully and threatened with punishment for disobedience. Industries, no doubt, cannot be created by Imperial Decrees, but there is every reason to believe that the Chinese Government is prepared to back up its decree by material support. A more tangible proof of what may

be expected from the industrial development of China is afforded by the state of the Chinese cotton mill industries which is yet in its infancy. This industry has weathered its early difficulties, and the 28 mills in the country are already producing an annual output of over 450,000 bales of yarn, or, considerably more than our last year's total shipments to China, which came to 412,000 bales. Taking Chinese labour as a whole, such a competent observer as Sir A. Hosie is of opinion that it may be considered as good as either Japanese or Indian, and when the difference in the quality of the cotton is considered, relatively as cheap. Chinese cotton, though shorter in staple, has an advantage over Indian cotton in that it is whiter. The industry enjoys perfect immunity from restrictive factory legislation. The mills work day and night—23 hours and the production per spindle is estimated to be 240 lbs. per annum, whereas our production is only 122½ lbs. per spindle. In other words, one spindle in China produces nearly as much yarn as one spindle in India and there were 750,000 spindles at work in 1906 which number has since increased. This fact is of tremendous importance to the future of our Chinese trade and we may hope that the Government of India and the Secretary of State will bear it in mind in proposing fresh restrictions on the conditions under which Indian mills have to carry on their operations. There is yet another proof that the movement of industrial development in China is not merely academic. One of the most certain tests of industrial development is to be found in the amount of coal consumed in a country. The imports of coal into China have increased. The increase in 1908 was considerable being about 30 per cent. in excess of the previous year. I may say in passing that we may expect Indian coal to take a more prominent share in China's industrial development than it does, judging by the exports for 1906.

I have dwelt at some length on the signs of industrial development in China with the object of emphasizing my remarks

made last year on a similar occasion about the importance of looking more and more to the home market for the expansion of our industry and less to foreign markets. There are not wanting signs to show that the conditions of our trade are likely to improve in the Chinese market in the near future, but that ought not to make us disregardful of the direction in which our permanent interests lie. I am glad to note that during the last two years a decided impetus has been given to this aspect of our industry. The Report refers to this satisfactory feature of the industry of the extension and growth of weaving, and I rejoice that though the shipments to foreign countries in 1906-07 showed a decrease on the previous twelve months of 15¼ million yards, those to ports in India by sea and rail showed an approximate increase of 108½ million yards. As nearly nine-tenths of the cloth produced by the Indian mills is sold in India, the proportionately considerably larger increase in the number of looms than in the number of spindles in Bombay mills points to the gradual but steady direction of the Indian cotton mill industry to the Indian market. The number of spindles increased during the last ten years in the Bombay Island from 21,57,425 in 1897 to 26,13,483 in 1907 or less than 20 per cent. whereas the number of looms increased from 21,287 to 31,982 or over 50 per cent. Outside of Bombay, the same tendency is noticeable especially during the last two years 1906 and 1907. While the number of spindles increased by 4 per cent. the number of looms increased about 16 per cent. in the whole of India during the last two years. This is not all. The introduction of bleaching and dyeing plants in several mills has considerably helped the manufacture of finer qualities of goods, for which we have an unlimited home market. The Indian market unfortunately has also its periods of violent fluctuation and, though the present is not one of such violence as we have experienced in the recent past, it is still sure to have a retarding effect on the progressive movement in our industry. Nearly a million and a half acres less have been sown

this year with cotton than in the previous year. Dear cotton and increased cost of labour and stores have diminished the margin of profit, while the loss, total or partial, of crops affecting a population of 50 millions will have no doubt a depressing effect on the market. The admirable manner in which the Government of the United Provinces where the distress is most extensive and acute is fighting the famine under the direction of His Honour Sir John Hewett, is well calculated to prevent the economic effects of the calamity from making a durable impression on the people, and the charitable fund which His Excellency the Viceroy has opened has, among its objects, the restoration to their vocations of those who have lost their all. If famine cannot be prevented, this is the next best thing that can be done. Speaking solely from the point of view of our industry, which, next to agriculture, is the industry most intimately connected with the necessities of the masses, I venture to express a hope that, by the more rapid prosecution of irrigation works, the Government of India would extend as much as possible the area of land which does not depend for cultivation entirely and immediately on the occurrence of seasonable and sufficient rainfall every year. This is matter which is connected with the production of the very raw material of our industry, and as such has a very great interest for us.

One of the most interesting event of the year is the notable increase in shipments of Indian yarn to the United Kingdom and the continent of Europe. During 1906, only 724 bales were exported to Europe whereas last year the number of bales sent amounted to no less than 56,335 bales. Without laying undue stress on the importance of this development of our trade during the year, I may nevertheless call attention to the possibilities suggested by it. Side by side with the movement for the weaving of finer counts, to which we must look increasingly for the permanent prosperity of our industry, we may well exert to avail ourselves of new openings for our goods in markets hitherto

inaccessible to them. Referring to this incident in our last year's progress, the Indian Trade Journal observes:

> "The movement furnishes a good illustration of the far-reaching effects of enterprise. It is expressly recognised by those spinners who during recent times have been induced to keep their yarns upon the Levant markets that the present development is the outgrowth of the trade with Turkey. It was in the Mediterranean markets that the Indian yarn demonstrated its ability to compete with that from Europe and so claimed the attention of all persons there engaged in the cotton industry."

Now that we have gained a footing in the markets of Europe for our yarn I trust we shall not only retain it, but improve it and develop it to the utmost. Barring the obstacles raised by high tariffs there is no reason why Indian yarn should not take the place of Indian cotton and Indian made cloth that of Indian yarn in the markets of the countries to which they are exported, if we carefully study their requirements. This is a direction in which some enterprise on our part is likely to meet with satisfactory results.

Another subject connected with the raw material of our industry is the improvement of the indigenous and the introduction of the long stapled foreign varieties of cotton. One of the noticeable features of our spinning industry in recent years is the tendency to spin finer counts of yarn. This is closely connected with the development of the manufacture of finer cloth as is evident from the fact that nearly 71 crores of yarns woven last year weighed only about 16 crores 57 lacs pounds against 16 crores and 38 lacs pounds for 56½ crore yards woven in the previous year. This gives 4·271 yards per pound of cloth in 1907 against 3·447 yards per pound in 1906 which clearly shows that last year the movement for weaving finer goods made a decided advance. The millowners of India are crying for finer cotton. The case of Sind Egyptian cotton, which has been successfully introduced into the country, thanks to the continued exertion of

the Bombay Agricultural Department under the sole direction of the Honourable Mr. Muir Mackenzie, is very much in point. Owing to a mistaken arrangement in the first year of its production almost the whole crop was sold to an exporting firm at a very low rate. Government, however, were good enough to listen to the representations that were made to them and in the second year they established a system of receiving depots for the collection of cotton from the zemindars. A central depot was established at Mirpurkhas and there the cotton was auctioned. What was the result ? "Even the worst quality of cotton" says an official note recently issued on the experiment, "which was greatly discoloured by the attack of boll-worm sold at the rate of Rs. 11-2-6 per maund," equal to Rs. 360 Colaba rate. The average rate for which the cotton, about 5,000 maunds, was sold was Rs. 11-15-0 equal to Rs. 380 Colaba rate, and a portion of the Abassi cotton was sold at Rs. 13 and over per maund equal to Rs. 415 per candy Colaba rate. Besides this, says the note, much cotton was disposed off by private sale to Ahmedabad spinners and to a Karachi firm for export. That shows, I think, that given good long staple cotton, Indian mills will not be slow to turn their attention to the production of superior kinds of cloth. It seems that the low yield of Sind-Egyptian cotton was due less to the ravages of the boll-worm to which it was attributed, than to poor cultivation to which also is attributed its reduced strength of staple, and I am sorry to see it declared officially that it was probable that better results would not be obtained in the near future, unless the cotton cultivation attracted European planters. The Sindi cultivators, we are told, do not care for the increased trouble caused by the crop, and much prefer the cultivation of indigenous cotton or food grains. I hope I will not be regarded as being unreasonably critical if I venture to suggest that, if it is anybody's duty, it is that of Government to take the Sind cultivator in hand and teach him to be more careful of his cultivation rather than sit and sigh for the advent of

the European planter. What have we done to teach the ryot to improve his ways? The complaint is general—it was acknowledged to be justified by Dr. Mann and urged forcibly by Mr. Stanley Reed at the last Industrial Conference held at Surat—that practically nothing has been done to bring home to the cultivator the results of the Government experts in agriculture. While it is a matter of great gratification that Government in recent years have been engaged in earnest efforts to spread agricultural knowledge by increased experimental and demonstration farms and by the establishment of Agricultural Colleges, it is a pity that such a remark as that quoted above should even inadvertently appear in the official paper.

The Report makes mention of the Factory Labour Commission. In accordance with Government's clearly expressed intention that no legislation would be undertaken in respect ot factory labour until the public had had full opportunity of representing its views, the Secretary of State appointed in September last a Commission to investigate in respect of all factories in India the questions referred to Sir Hamilton Freer-Smith's Committee and the several suggestions and recommendations made by that Committee. This Association and the local Chamber of Commerce were asked to elect jointly a representative on the Commission and they did me the honour of requesting me to be their nominee. The Commission has visited all the principal centres of industries conducted on the factory system and collected a large mass of evidence which it will now proceed to sift with a view to formulate its suggestions and recommendations on the questions referred to it for enquiry. As a member of the Commission, I am not free to discuss to-day the several issues which seem to me to arise out of the enquiry and which I shall have to consider with my colleagues in drafting our report. I may, however, allude to one significant fact which must have been noticed by you all in the reports of the evidence that had appeared in the newspapers. And that is this: that nowhere in India has the present Factory

Act been so strictly enforced as it has been in Bombay where an agitation for the restriction of the hours of labour and other changes was first started two years ago. I wonder what our friends, whose sympathies were so violently roused by the conditions of labour of those whom they were pleased to call "Bombay's slaves" would have said if they had visited some other prominent centres of modern industry in the country. The absence of uniformity of administration of the provisions of the present Act is a circumstance which has an important bearing on the question whether factory legislation should be common for the whole country or different in different provinces. This is a very broad question and I cannot discuss it in all its aspects on this occasion. But you will agree with me that if in one province an Act is to be administered strictly and over-strictly—as we in Bombay have sometimes occasion to think—and in another province in a spirit of extreme leniency not to say laxity, it is only in name that it can be said to be common to the whole country. I really sometimes doubt if the Local Government does not make its administration of Factory Legislation somewhat more onerous than it need be. Let us take a simple matter such as the request of this Association that it should be allowed to nominate one member of the Boiler Commission which, as you know, is the final authority on questions relating to boilers. These questions are of technical character and what can be more reasonable than that the Mill-owners' Association should have a representative on it who can bring to their consideration the practical requirements of the industry? But Government have curtly refused this request of ours which, if it had been acceded to, would have contributed greatly to the smooth and satisfactory administration of the Boiler Inspection Act. Gentlemen, even more than the law, the spirit in which it is administered is often of vital importance. The Bombay mill-owners have by their ready and loyal co-operation with Government in all matters relating to the well-being of their operatives established a strong claim to be dealt with in a spirit of confidence and

sympathy which, I gladly acknowledge, Government have always extended to this Association, except on occasions when they were obliged to depend entirely on their technical advisers who were practically parties in disputes relating to the administration of the law.

While on this subject, I may be permitted to express the pleasure with which the commercial and the industrial world has received the appointment of the Honourable Mr. Harvey as Acting Member for Commerce with the Government of India and I am sure I am echoing the feelings of that community all over the country when I say that he should be made permanent in the high office, where his wide experience and broad sympathies will make him a valuable acquisition to the Government and the public.

It is a matter of satisfaction that we have at last been able to persuade the Municipal Corporation to effect a small reduction in the water rate hitherto charged to mills, from annas ten to annas eight per thousand gallons. I trust that at no distant date the rate will be still further reduced till it is on a level with the actual cost of bringing in the water so that it may be possible to adopt on an extended and large scale such processes as bleaching and dyeing which are essential to the further development of our industry to which the city owes much of its prosperity.

Before concluding I should like to make a few remarks on the subject of providing sanitary accommodation for our hands who number nearly one lac. I need not recapitulate to you the correspondence that took place between this Association and the Improvement Trust five years ago. The Trust was not able to give effect to the understanding then arrived at, namely that it should build chawls and lease it to mills for a fixed rental per room plus a provision for sinking fund calculated to cover the capital cost in 37 years, chiefly because the Improvement Trust Act did not empower the Trust to do so. A Bill to amend the Act is now before the Legislative Council and I earnestly hope that the Government and the Legislature will take the opportunity

of dealing with the important question in a liberal spirit. They should remember that the solution of the problem of over-crowding as regards even one half of the hands employed in our mills will greatly relieve the congestion in certain localities, bring down rents and prices, and facilitate the important work of improving the sanitation of the city. I am glad to see that the *Times of India* has strongly supported the scheme in a recent issue. The suggestion should not be considered in the light of conferring a favour on mill-owners, but as a means of obtaining their co-operation in the task of relieving over-crowding in the city. The experience of the Trust has shown that workmen's chawls are likely to prove profitable in the immediate future to millowners and it was not from motives of making money that this Association expressed its willingness to co-operate with the Trust, in the manner mentioned above five years ago.

Gentlemen, I have no more to say and I thank you for the patience with which you have listened to my observations which have been more lengthy than usual by the somewhat exceptional interest attaching to some of the events during the past year.

In conclusion, I should like not to omit to acknowledge the zeal and ability with which our Secretary, Mr. Leslie Rogers, and Assistant Secretary, Mr. Michael have discharged their duties during the last year.

## VI

## On Mining, Weaving and Sugar Industries

*December 1908.*

*Before the Indian Industrial Conference.*

Out of the eight propositions that are to be placed before you to-day, I find the first six deal with requests to Government to do one thing or another. Now in this proposition I am asking you to do what we ought to do. In this resolution special stress is put upon mining, weaving and sugar industries. I can say a little about mining from my own personal experience. I can realise that when a Conference like this makes any recommendation or asks the public to follow its recommendations, it takes a great responsibility. Now, we must all know that mining is a very risky and speculative business and although we all desire that the profits of mineral production should remain with us as much as possible, at the same time we must realise that we cannot take up those things at once, I mean, on a very large scale.

The first difficulty in mining in India is the want of Indian experts. That, of course, we are going to meet by asking the Government to give us mining colleges. But until there are a very large number of men amongst us who are experts it is likely we would be misled in our enthusiasm. For 999 men that have lost their fortunes in mining one has made his. So if we go to mining at all we should go only with a portion of our savings and not with the whole of our savings. (Laughter.)

As regards weaving, so much has been talked of weaving in recent years that I will not take up your time to-day by asking you to support the great weaving industry of India.

The third point is about sugar—there also by the energetic action of the several provincial governments—of the United Provinces and Bengal specially, we know more about the sugar industry now than we knew perhaps three years ago. Those who like to go in for the sugar industry have many opportunities to get sufficient information for taking up that kind of business.

The last recommendation in this resolution is the formation of joint stock companies. With our great enthusiasm we have been led away to form perhaps some joint stock companies that should never have existed. That is the result of my observation and I should like to be frank with you to-day on this point. We know that in these days of huge capital and keen competition, only large companies can succeed and stand against competition and therefore it is necessary that joint stock companies should be formed and that we should have manufactures on a large scale so that we might compete against foreign manufacturers. In India we have few men with huge capital but have a large number with small capital and therefore the system of joint stock companies is an ideal one for our progress. But when I say this I feel inclined to utter a word of warning. I do not wish to give particular instances but I have been very much amused during the last two or three years to read several prospectuses of joint stock companies. When an individual takes to a certain business he wants to know how much profit it is likely to make. He does not start with the idea, "we are swadeshi and so we must lose our money." But he carefully estimates his profits, and tries to find out what difficulties he has to and can overcome. In several prospectuses that I have read appeal is made to enthusiasm, we are told that we should be swadeshies, but there is nothing said about the profits and on what basis their estimate is made. I am not speaking with the idea of condemning anybody, but I have here in my hand a kind of prospectus. No figures are given as to the estimate of profits.

I have no word to say against this particular company

but I can say with due deference to those who have written this prospectus that the public who want to put their small savings do not want such appeal to enthusiasm if they invest in a particular concern their money which in some cases may be a whole life savings kept for one's old age. Swadeshism does not consist in pouring money into bottomless holes. Swadeshism consists in making more and more money, increasing the prosperity of India and replacing Indian goods in place of foreign goods.

Speaking about joint stock companies I have already pointed out that it is very necessary, that we should have them in order to compete against the huge capitalists of foreign countries. Only the other day we were told of the case in America of the Standard Oil Company that made 16 millions on a paid-up capital of ten millions. In the same way in England and on the continent all those manufactures are conducted on a large scale. Therefore we must have joint stock companies. But investors have to find out what profits will be made out of them. We have to be very careful before we put our money in them, to know who are the Directors on the Board, whether they are Directors of responsibility or Directors of enthusiasm, whether the company is to be conducted for the profit and for the good of the shareholders or is it to be conducted for the profit of the Agent. Well, these are the questions that ought to be put and we must be satisfied that the Board is composed of responsible men. Circumstances might arise when we might lose—we cannot help it, but we must be able to calculate that it will be conducted on an honest basis and with responsibility. There is a little difference between the system of forming joint-stock companies in India and in European countries. These companies so far as the banking line is concerned must be formed on a large scale. It is only by starting on a large scale that we can give confidence to the public before we can get any deposits from them. I need hardly say that the main profit of a bank is realised from the profits on deposits ; the larger the deposits are in proportion to its capital, the better for its shareholders.

But for other manufactures in Europe in many cases an individual either goes on with his own money or in conjunction with a few friends. They prove the success of the concern and afterwards convert the same into joint-stock companies showing the actual figures of the previous three or four years. They would then get a strong Board and float the company and the investing public has the previous years' work to examine. But in India the things are different.

During the last two or three years when we have found the majority of people awakening from their state of lethargy and desiring to help on the industrial regeneration of India, and when we have watched this most laudable spirit with great satisfaction, we have also found with great regret individuals taking mean advantage of this awakening. How often have we seen individuals going about and requesting wealthy citizens to join in the Board of Directors to start certain manufacturing industry. No question is put as to their utility or the experience of the individual who proposes to start the company as to the particular industry. It is quite sufficient for him in India to argue that it is a new industry, that it is swadeshism and therefore it must be supported. In that way if he is successful in getting half a dozen wealthy men to join the Board with himself as a managing agent, he goes to the public for subscription of shares. If any joint stock company were to be started in Europe on this basis I am sure not a single shareholder would put his money there. The Board must be composed of experienced men or in any case of sound and respectable men, with a managing agent who can lay claim to practical experience in the line of business.

Well, gentlemen, these are my ideas on forming joint stock companies and as I have taken the responsibility of asking you to form joint stock companies, I consider it my duty to make this recommendation with the qualifications I have placed before you and I hope you will carry this resolution.

## VII

## On Excise Duty on Cotton Goods

*December 1915*

*Before the Indian Industrial Conference, Bombay.*

MR. PRESIDENT, LADIES AND GENTLEMEN,

I have the honour to lay before you the following resolution :—

> " This Conference earnestly urges the repeal of the Excise Duty on cotton goods, which is an inequitable tax, and considers it very desirable in the interests of Indian Industries that countervailing duties should be levied on bounty-fed and subsidised goods from foreign countries, when they compete to the injury of indigenous industries."

Ladies and Gentlemen, I will not detain you with a long speech in support of this resolution, because, as you all know, the Congress for years past has adopted a resolution on the lines of the present resolution ; and our Industrial Conferences in previous years have done the same. Not only that, but about the time that these unjust duties were levied, public meetings were held to protest against the unjust tax. But, gentlemen, we are sorry to see that nothing has been done up to now. And no wonder. The reason is quite plain. Those who are aware of the inner working at the time these duties were levied know that until we get what has been asked for in this resolution—fiscal autonomy—our case is simply hopeless. The excise duty was levied at the instance of Lancashire, and Lancashire is a powerful factor in making Governments (laughter), and unmaking Governments (Roars of laughter). So long as that powerful factor remains to make and unmake Governments, our case must be considered a

very forlorn one. So, we must go on persisting until this unjust tax has been removed (cheers). At the time this duty was levied Lord Elgin was the Viceroy of India, and when the protest was made, he himself said that it was a mandate from the Secretary of State, that the only thing he could do to show his disapproval was to resign the Viceroyalty of India (hear, hear). 'But' said he, 'that would not help the millowners or the people of India' (laughter). At the time this duty was levied and even afterwards, times out of number, we were told this duty was levied on the principle of free trade, so that if any goods that were imported into India were taxed, the country-made goods must be taxed also. I would only say that we have been compelled to accept the principles of free trade because of our rulers but this is a free trade with a vengeance (laughter). Now, what has happened? In England they have put on duties on many articles at the rate of 33 per cent. and more for revenue purposes. Have they taxed their own industries by an excise duty in order to carry out the principle of free trade? Then we are told that the duty does not harm the cotton industry. My point is this. It is not the question whether it does harm or does not harm the cotton industry. It is further agreed that the duty is paid by the consumers. What does this argument come to? It is this, that the duty is not paid by us—fat millowners—(hear, hear and laughter). But that it is paid by poor agriculturists. Is that a strong argument for continuing the unjust tax? (cries of 'No, No'). I quite agree with you, gentlemen (laughter and hear, hear).

In conclusion, I would say only this that till we get fiscal autonomy, we should persist in pointing out to the authorities off and on the injustice of this tax which is one that ought to be removed, because it is unjust; whether it does harm to the millowner or to the poor agriculturists is another question. With these remarks I put this proposition before you for your acceptance (loud cheers).

## VIII

## On Exchange, Super and Income Tax

*30th October 1917*

*Speech as Chairman of the Indian Merchants' Chamber and Bureau welcoming the Finance Member of the Government of India.*

On behalf of the Indian Merchants' Chamber and Bureau I have the pleasure to welcome you here to-day. We are thankful for the opportunity you have given us by your presence here to discuss some of the most important matters that concern the trading community at the present moment. The first subject relates to the raising of exchange by Government to 1*s.* 5*d.* As this Chamber has already sent to you a representation which deals fully with the whole question it is unnecessary for me to take up your time by going over the same ground again. I will, therefore, confine myself to the general aspect of this measure. This Chamber realizes that the present is an abnormal situation created by the War and the difficulties of Government in meeting it. At the same time we feel that the Government's departure from the policy of maintaining the exchange at 1*s.* 4*d.* was not warranted by the circumstances. Apart from the loss which the raising of exchange is sure to entail on the producers of the country—mainly the poor —as fully explained in this Chamber's representation the very fact that the Government have not deemed it necessary to use all its resources for the maintenance of exchange has actually created a feeling of uneasiness and alarm amongst the commercial community. Moreover, the uncertainty of what the feature as to exchange may be is not at all reassuring.

I have said that the Chamber feels that the raising of exchange is unwarranted by the circumstances. We have no knowledge as to the prices at which Government purchased silver most

recently; but granting that they would have had to pay somewhere between 50 to 52*d.* per oz. and assuming that during the next year the new coinage of rupees would amount to 24 crores, the highest figure coined in any one of the previous five years, the loss would have been about 5 crores; but the average purchase price of the Government of India must have been for the year very much lower than this. In fact, the price of silver to-day is lower than the basis of 1*s.* 4*d.* and therefore the loss to Government in all probability would have worked out to much less than 5 crores estimated above. The Government have announced that they cannot afford to sell rupees at less than cost. For the sake of maintaining the stability of exchange as the determined policy of Government, my Chamber believes that a comparatively small loss should have been paid from the Gold Standard Reserve, which was created with the avowed purpose of maintaining the exchange. Moreover, the amount at stake was a small one as compared to about 9 million pounds that were paid in gold in 1907-8 to maintain exchange at 1*s.* 4*d.* when the amount in the Gold Standard Reserve was nothing like the present. This year the Gold Standard Reserve amounts to about 50 crores and even assuming the figure of 5 crores as the probable loss in the year, it would have amounted only to 1/10th of our reserve. A bold policy of utilising the Gold Standard Reserve for its right purpose would not only have prevented, at a critical time, the undoing of our exchange policy which had been determined after many years of investigation and experience, but at the same time with the present fall in the price of silver it would not have been necessary to use the Gold Standard Reserve to any extent.

We have however to consider the position as it is to-day. This Chamber urges upon you the urgent necessity of declaring the policy of Government as regards exchange as this uncertainty does a great deal of harm. We also urge upon you the advisability of lowering of exchange to 1*s.* 4*d.* at the earliest possible date, in order to prevent harm being done to the Indian producers and

anufacturers as explained in the Chamber's representation.

The Chamber in its representation has made further suggestions regarding encouraging the holding of sterling securities in India and the establishment of additional banking facilities in the mofussil, and other minor suggestions to all of which I have no doubt you will give full consideration.

One of the suggestions made by this Chamber was the issue of Indian Treasury Bills for 3, 6 and 9 months. We are glad to see that the Government have issued such treasury bills and we have no doubt that they will be popular; the popularity of these bills would have been considerably greater if Government had issued 3 monthly bills also as thereby a large number of people could have utilised this source of investment. The Chamber will be glad to know what progress has been made in the coinage of sovereigns, the announcement about which was made a short time ago.

The next point this Chamber wishes to draw your attention to, is the policy of levying super-tax on the profits of industrial concerns. At the last interview with you this Chamber expressed the fear that such a levy may induce a large distribution of profits to the detriment of the permanent stability of industrial concerns and at that time you were good enough to reply "if you should find by actual experience, though I don't anticipate that this will be the case, that the method of taxation gives an undesirable stimulus to the distribution of profits to shareholders, which might be better placed in reserve, we should be ready to consider the matter later on." By this time you must have noticed that that fear has come true. Had the super-tax been confined to individuals receiving profits as is the case in England the position of the industrial concerns in India to-day would have been much stronger than what it is.

You are aware, Sir, that this year the companies have made good profits and, in the ordinary circumstances, a very large amount would have been taken to the equalisation of the dividend

fund, or to the reserve funds, for strengthening the position of companies and the shareholders would have accepted such disposal of profits on the strength of the argument that the amount withheld by the Directors in good years would be paid back to them in bad years, in the case when the equalisation fund is strengthened or in the shape of larger profits when the companies' position is strengthened by reserve funds; but now they naturally argue that 25 per cent of the undistributed amount would be permanently lost to the shareholders and that therefore the available profits should be distributed in good years and lower dividend in bad years. It cannot be denied that this argument carries great weight. We have been told that this is a very short-sighted policy and that the strengthening of the companies' position is a paramount duty. It is quite true: but we must take human nature as it is; and if any tax is levied it is the duty of Government to utilize such methods of taxation as would not discourage the strengthening of the reserve funds. Moreover, it has to be borne in mind that the Indian cotton industry has to compete amongst others with the Japanese manufacturers. The large profits made by the Japanese companies this year have been greatly used to the strengthening of their position. The effect of this would be that in any competition in the near future a strong Japanese company would easily outbid the Indian company which could not strengthen its position owing to the super-tax. If the super-tax is to remain in this present form this Chamber strongly urges the Government to increase the limit for the reserve fund from 10 per cent to a much higher figure.

While on this subject of Income Tax, we may as well draw your attention to the grievance of the industrial community in the way in which the question of depreciation of machinery and building is treated. We know that the whole question of the Income Tax Act is at present before the Government of India and we have an assurance from you that the several anomalies in different presidencies in the treatment of the question of depreciation

would receive due consideration when the whole question is considered by the Government of India. It is, however, necessary to bring one point before you to-day as it is of an urgent character. The Government by their resolution No. 5284/17 have accepted the principle of allowing companies, for Income Tax purpose, to set aside in good years a larger amount than 5 per cent for depreciation of machinery to make up the deficiency of bad years, but only to the extent of taxed profits of previous years. My Chamber fails to see any reasons why such a proviso should have been added as it is not the refund of tax already paid that the Companies demand. The grievance would not have been so great if all the previous years are taken into consideration for this purpose but the Income Tax Collector takes each year separately. For example if a company with machinery of Rs. 10 lakhs makes no profit in 1916 and therefore has not been able to write off any amount for depreciation in that year but has made a profit of Rs. 1½ lakhs in 1917 and has written off Rs. 1 lakh for depreciation *viz.* Rs. 50,000 for 1917 at 5 per cent and Rs. 50,000 for deficiency of 1916 depreciation, the Income-tax Collector demands income-tax on the extra Rs. 50,000 written off, on his interpretation that in 1916 no income-tax was paid by the company. Thus the proviso with the system of calculating each year separately nullifies the object Government had in view. Moreover the resolution treats of the question of depreciation of machinery only while it cannot be denied that depreciation of buildings in large factories is considerable. We hope you will see your arrangement presses hard on the industrial community.

The last point to which my Chamber would like to draw your attention is the inconvenience still felt by passengers at Viramgam. As His Excellency the Viceroy has already announced that the customs line would be abolished we shall be glad to know the date from which the announcement is to take effect.

## IX

## On Indian Companies' Restriction Act

*5th April 1918*

*Speech as Chairman of the Indian Merchants' Chamber and Bureau welcoming the Finance Member of the Government of India.*

On behalf of the Indian Merchants' Chamber and Bureau I once more have the pleasure to welcome you in our midst. We are grateful for the opportunity afforded to us by your presence here to-day to discuss one or two important matters.

The first matter which my Chamber would like to discuss with you is the question of fresh capital issues by public companies. We appreciate the reasons which have led Government to pass the Indian Companies Restriction Act and on principle we are not opposed to that policy. At the same time it cannot be denied that undue restriction might jeopardise the industrial expansion of the country in which both the Government and the people are ready to co-operate. We have read carefully the assurance given by Government during the debate on the Bill and later on in your reply to the Bengal Chamber of Commerce. We also recognise the importance of appointing Advisory Committees in Bombay and Calcutta ; but we think that the industrial interests of India demand that Government should considerably relax the conditions laid down by them. In your speech in introducing the Bill you laid down the following considerations before a license could be granted :—

(1) Would the enterprise be likely to attract money which would otherwise go into Government Loans or Treasury Bills ? (2) If so, is it still justified on the ground that it is nevertheless useful,

in these war circumstances as being of assistance in the speeding up of war material or likely to result in increase of other production which would save tonnage on imports on home ?

You have also accepted the principle that in some cases companies may be allowed to be floated on condition that funds obtained should in the first instance be lent to Government.

My Committee think that Government might safely allow companies to be floated which have for their object the industrial development of the country irrespective of condition No. 2 which provides only for such companies as would be useful directly or indirectly for war purposes.

We, however, approve of the conditions before license is granted that those companies should invest their funds in the first instance in Government Loans until they can be used for the legitimate purposes of the company. Our reasons are that with the easy money market it may be possible to raise large sums of money for industrial development of the country which cannot be possible at the close of the war. Many fear that the money market may get very tight after peace is declared and if the floatation of all companies is postponed till then it will add to the stringency of the money market apart from the impossibility of floating many companies during such stringency. There will be one further advantage in accepting our proposal that Government can count upon the funds of these new companies for the borrowings but for which they could not be sure otherwise. From the point of view of the new companies the proposed conditions will not be unacceptable as the machinery and plant for which the capital is mainly required cannot be obtained till the close of the war.

We hope therefore Government will consider the advisability of relaxing the restrictions in the direction indicated by us, by which Government will be assured of funds for their loans without hampering the floatation of companies.

There is one other subject which in the interests of certain class of Indian merchants we should like to touch upon. It is with

regard to the prohibition of export of pearls. We recognise the difficulties of the present position and the necessity of restricting exports other than war exports. At the same time Government are aware that Bombay is the chief centre for the distribution of pearls and large stocks are usually held in India. The importance of the pearl trade of Bombay has been recognised by Government by the removal of the import duty which it was proposed to levy. The pearl merchants have already addressed Government in the matter and it seems to my Chamber that their case requires sympathetic consideration. Their argument, that if the Bombay market is closed to the Arab dealer he would in his own interests try to find out some other market outside British India and it might be difficult to bring it back to Bombay, requires serious consideration. Apart from the general policy of prohibiting the export of pearls my Chamber believes that it was due to the pearl merchants who have been hit hard by the notification that a timely notice should have been given to the trade so that it might have adjusted itself to the new conditions and heavy individual losses for no fault of their own would have been avoided. The season for new pearls will begin in about three months and if Government had given three months before the notification could come into force the hardship would have been minimised. We hope Government will consider this point favourably.

Your term of office is nearing its close. May I in conclusion on behalf of the Indian commercial community express our appreciation of the services which you have rendered to India and the Empire during the most arduous period that an Indian Finance Minister has ever had to face, since perhaps the days of the mutiny. You have been subjected to acrimonious and unscrupulous criticism both in England and India for supposed parsimony, in providing funds for expedition in Mesopotamia and war purposes generally. It has been admitted by the highest authorities that the charge is utterly unfounded and that throughout these extremely difficult times, you have handled the complex problems of Indian

finance with a single eye to the interests of the Empire of which India forms an integral part and which cannot be secured at the sacrifice of India's interests. The Indian commercial community has always reposed implicit confidence in your capacity, sense of justice, and rigid impartiality and that confidence has been amply justified by the care, thoroughness and mastery of detail with which you have administered the great department of which you will soon cease to be the head owing to the completion of your tenure of office. Much of the important work of a Member of Government is hidden from the public view. But this much we can say of your tenure of the Finance Membership, that its responsible duties have seldom been discharged with more absolute freedom from bias or fear than they have been by you. The advice of old Polonius to his son, "Lend all thy ear but few thy voice" is peculiarly applicable to one who holds the office of Finance Minister. He has to consult all interests but give his confidence to none. He has to decide great issues practically in the excited isolation of his position to balance minutely these supreme claims of the public good against the just rights of particular interests. Even in normal times, this is a task as difficult as any that a human being can be called upon to undertake. At critical times like these, it is one of super-human difficulty. It will, I think, be the verdict of posterity as it is of the intelligent Indian commercial opinion to-day, that you have fully risen to the height of this task and that you leave behind you an example of devotion to duty, lofty courage, and indifference to personal consequences in which future Finance Ministers, and not only Finance Ministers, will find best inspiration. On behalf of the Indian commercial community of Bombay, I again beg to convey to you on this occasion of your visit, perhaps, your last official visit to this Chamber our deep sense of gratitude for all you have done, and for all that you have stood for in the cause of India, which you have served so long, and which you love so well.

## X

## On New Taxation and Fiscal Autonomy

*30th September 1918.*

*Speech as Chairman at the Annual General Meeting of the Indian Merchants' Chamber and Bureau.*

GENTLEMEN,

In presenting the Report of your Chamber for the past year, I shall, with your permission, avail myself of the opportunity to review its many-sided activities. It was more than usually active during the year.

The War has taken a turn for the better and we are watching with great satisfaction the series of great victories achieved by the allied armies. In all the battle fronts where they are engaged, our Indian troops are showing splendid bravery. There is no doubt that Germany is beaten though it may take sometime before we may be able to dictate victorious peace terms about which, however, there cannot be the slightest doubt.

The British Navy has also continued to maintain the supremacy of the sea and protect the commerce of the Allies. India particularly owes a deep debt of gratitude for this protection without which the trade and prosperity of this country cannot have reached the present state.

India too has done its duty to the fullest extent to the British Empire of which any country should be proud to be a member. This is not the occasion to enumerate the various ways in which India's help has been of the greatest value to the Empire. This has been clearly shown in the several pronouncements by Govern-

ment both in India and in England. In spite of such splendid help in money, men and materials, India has continued to prosper although no doubt people in general have been adversely affected by high prices, famine and influenza. It is our duty to continue to help to the utmost the Empire to bring about a victorious end which, let us hope, is not far distant.

India, however, is not saved from the inconveniences and difficulties which such a world war has brought to all countries and we must console ourselves that we have suffered less than other parts of the Empire so far. No doubt new taxes have been imposed but let it be said to the credit of our Finance Minister, the Honourable Sir William Meyer, that he has selected sources of revenue, on the whole, most judiciously. In spite of several mad suggestions from some quarters he has stood firmly for the legitimate protection of Indian interests.

This brings me to an important matter which is disturbing the minds of the Indian commercial community. You are aware that when the new Income Tax Act was passed last year, several suggestions were made by this Chamber, more particularly about the Income Tax forms and the difficulties of the Indian commercial community to comply promptly with some of the provisions of the Act. This year, however, when the new forms under the Income Tax Act were sent out, the merchants thought that at least some of the information called for was unwarranted and that some columns were difficult for them to fill. This complaint is not local; it is heard throughout India among the commercial communities. The feeling is deep and genuine and I think I will be failing in my duty, as your Chairman, if I do not take this opportunity to publicly bring this to the notice of the Government on this occasion. You all know how sympathetic Sir William Meyer is to all Indian interests and we have only to convince Government of the deeply felt grievance in this matter and he is sure to act promptly in order to obtain redress.

The Government should not solely depend upon official

reports but should undertake a thorough inquiry into the causes of this grievance. It is one of the disadvantages of the system of Government where the people themselves are not associated with the administration, that popular grievances reach the authorities very late, and often too late to be remedied. I humbly suggest that Government should without loss of time appoint a small committee of officials and representatives of the people to enquire thoroughly into the details of the grievances with regard to the information required in the Income Tax forms, and to suggest modifications therein which, while not reducing in the slightest degree the legitimate revenues of the State, would remove the difficulties of the Indian commercial community. There is one characteristic of Indians which the Government should not forget to note; it is when you give them a full hearing and convince them that their grievances have been considered in detail and that what is fair and just has been granted, they will more easily be satisfied than if you give them a little more in a curt fashion. This, to my mind, is the best and the speediest method of enquiring into the grievances of the people. Calling for official reports on representations and returning a formal reply to the commercial communities hundreds of miles away in a case of this kind where feelings are wide spread, would not be the right method of dealing with this question.

This brings me to the question of Super-tax imposed last year and the excess profits tax proposed to be imposed next year.

Last year in this Chamber and also at the Committee meeting when Sir William Meyer kindly attended I brought to the notice of Government the injudicious levy of Super-tax on reserve funds of companies. I then said that the tendency of the tax would be to weaken the financial position of the companies and this is coming to be true. Large dividends have been declared which ought to have gone to strengthen the position of the companies. Apart from this loss to the industry, it has led to wild

speculations in the stock market on the expectation of large dividends. And now the day of reckoning has come. I do still think that Government should at once cease to employ this method of taxing which has a tendency of depleting reserve funds, more especially as they are now going to levy a war profits tax. This is the view not only of Bombay but also of Calcutta, whose representative, the Honourable Mr. Ironsides, has unequivocally condemned the method of super-taxing reserve funds. In England where every avenue of taxation has been tapped no super-tax is levied on reserve funds.

Coming to the proposed War Profits Tax, it cannot be denied that it is a sound principle that those who have most benefited on account of the War should bear a fair share of the costs of the War. But I am afraid in India the difficulty of ascertaining the war profits will be very great. These difficulties were foreshadowed by the Hon. Sir William Meyer in his budget speech last year. It was owing to these difficulties that he substituted the super-tax. Now the super-tax is levied and on that comes the 50 per cent Excess Profits Tax. This I think is rather hard. There is no doubt that some tax will have to be levied to pay for the additional £45 millions sterling for the war ; but I think instead of collecting such a huge amount in two years, if the tax is distributed over a number of years, the burden would be little felt and large profits made by merchants and the industrial concerns may be used in expanding the industries of India.

The most important event during the past year was the visit of His Majesty's Secretary of State for India to this country. It was a real mark of statesmanship for the Secretary of State to come out to India and frame the Reforms Scheme after hearing all parties in this country. The Report published is a masterpiece in itself and the recommendations made therein represent substantial steps towards the goal of Self-Government for which India has been asking so long and which the British Government has committed itself to give by its pronouncements of August 20th,

1917. Your Committee has considered in detail the scheme proposed by the illustrious authors and their Report is to be placed at a special meeting to be held after this meeting for the consideration of the whole Chamber. This matter is so important and the majority of the members of this Chamber are taking such keen interest in the political progress of this country that your Committee has thought fit to lay their draft reply to Government letter before a general meeting for their opinion :

There is, however, one matter in the Report which I should like to allude to, and it is the Fiscal Autonomy for India. The authors of the Report have ably and truly summarised the feelings of the Indian community on this point and you will permit me to quote a few lines from the paras :

"The theoretical free trader, we believe, hardly exists in India at present.....Educated Indian opinion ardently desires a tariff. It rightly wishes to find another substantial base than that of the land for Indian revenues, and it turns to a tariff to provide one. Desiring industries which will give him Indian made clothes to wear and Indian made articles for use the educated Indian looks to the example of other countries which have relied on tariffs, and seizes on the admission of even free traders that for the nourishment of nascent industries a tariff is permissible.....Whatever economic fallacy underlies his reasoning, these are his firm beliefs ; and though he may be willing to concede the possibility that he is wrong, he will not readily concede that it is our business to decide the matter for him. He believes that as long as we continue to decide for him we shall decide according to the interests of England and not according to his wishes ; and he points to the debate in the House of Commons on the differentiation of the Cotton Excise in support of his contention. So long as the people who refuse India protection are interested in manufactures with which India might compete, Indian opinion cannot bring itself to believe that the refusal is disinterested or dictated by care for the best interests of India. This real and keen desire for Fiscal Autonomy does not mean that educated opinion in India is unmindful of Imperial obligations. It has been decided by Parliament that the fiscal relations of all parts of the Empire and the rest of the world should be considered after the War and we assume that this consideration will be by an Imperial Conference on which India will be adequately represented."

We entirely agree with this summary, but out disappointment is great when no recommendations have been made upon Fiscal Autonomy to India which we value most of all. No doubt the fiscal relations of all parts of the Empire are to be considered after the War; but we should insist that we should be properly represented at any conference to be held for the purpose. I lay stress on the word "proper" because until now the commercial and the industrial interests of the country have never been properly represented in any of their conferences.

Until last year, in spite of enormous sacrifices on account of the War and the substantial help given from India, our daily life was not appreciably affected and the great inconveniences and hardships that are experienced by other countries were hardly noticed in India. But now we are beginning to feel the pinch of the War. All the necessaries of life have increased in cost and the sufferings of the middle and poor classes have greatly increased in consequence. The Government has wisely taken several steps needed to give relief to the poor and I think it is our duty to co-operate in their efforts in this direction. The food problem, difficult as it was, has increased a hundredfold by famine conditions in the greater parts of this Presidency and in many other places in India. Government can do a great deal, but their efforts would be crowned with greater success if the people would co-operate in the different parts of the Presidency to organise the supply of food products. The time is come for stopping profiteering in all directions.

The second important step taken by the Government is the control of cotton cloth. If we omit from our consideration the motive of self-interest and if we impartially consider the whole situation I think the interference of the Government in the piece-goods business has been brought about by some of our own people. For many months until July of this year the price of cloth varied from Rs. 1/6 to Rs. 2 per lb. according to the ordinary demand and supply and to a certain extent by the rise in the price of

cotton; but during August the speculators actively raised the price from Rs. 2/12 to Rs. 3 per lb. a rise of about 12 as. Although the actual business done at this high rate was infinitesimally small, the effect of the rise in the central cloth market reacted on the consuming markets where a sudden raising of prices created hardships amongst the poor. Speculation does good to no one. A trade is healthy if conducted in a normal way but a speculative rise and fall to my mind are unhealthy. Had it not been for this unwarranted speculation the great loss in the cloth market evidenced to-day owing to Government intervention would not have been occasioned. The control at present is confined to a part of the production of the mills and details have been worked out in a conference recently held in Bombay. As one who was present and took part in the deliberations of that conference as a representative of the Bombay Millowners' Association, I am convinced that the appointment of Mr. Noyce as the Controller of Cloth is a very wise one. His experience in the Indian Cotton Committee, his sense of justice and fair play and his keen desire to see that the poor get the full benefit of the standard cloth as evidenced by the vary valuable suggestions he made at the conference give promise that the Act will be administered in its true spirit. Let us sincerely hope that his exertions will be crowned with complete success by the loyal support of the officers of the Local Governments to whom is left the actual distribution of standard cloth by their following discriminately the recommendations made at the conference by the representatives of the industries. Undoubtedly the millowners will have to make some sacrifice but I am sure they will not grudge it when they are assured that their sacrifice has relieved the sufferings of the poor. I am sure the millowners will heartily cooperate under such circumstances.

In conclusion, I think the Chamber may rightly take pride in having done useful and most valuable work during the last year, by which it has rightly secured the confidence of Government and other public bodies. It gives me very great pleasure to

to hand over the charge of my office as your Chairman to our able colleague, the Honourable Mr. C. V. Mehta, whom you have been pleased to elect as your next Chairman and for which I must congratulate the Chamber. His vast experience, keen sense of of duty and his desire to do his best in the interests of the industrial community will be of considerable advantage in the deliberations of the vast and important problems that may come up before this Chamber on the eve of peace which we all hope we shall see during his Chairmanship.

## CHIEF EVENTS

*In the life of Sir Vithaldas D. Thackersey.*

| | |
|---|---|
| 1873 | Birth of Vithaldas (30th November). |
| 1887 | Marriage with Leelabai, daughter of Sheth Morarji Goculdas (4th May). |
| 1890 | Death of grandfather, Sheth Thackersey Mooljee, the founder of the Thackersey family (December). |
| 1891 | Passed the Matriculation Examination (3rd December). Initiation into business. |
| 1893 | Death of father, Sheth Damodar Thackersey (31st October). |
| 1894 | Pilgrimage tour to North India. (November-December). |
| 1897 | Nominated a Justice of the Peace (25th July). |
| | Pilgrimage tour to North-East India (October-November). |
| 1898 | Elected to the Bombay Municipal Corporation (17th January). |
| 1899 | Death of wife, Leelabai (15th June). |
| | Death of uncle, Sheth Govindji Thackersey (7th September). |
| | Marriage with Premkunver. |
| 1903 | Nominated member of the Bombay Legislative Council (7th August). |
| 1904 | Elected as Chairman of the Standing Committee of the Bombay Municipal Corporation. |
| | Organised the Industrial and Agricultural Exhibition at Bombay. |
| 1905 | Renominated member of the Bombay Legislative Council. |
| | Elected President of the Bombay Millowners' Association. |
| 1906 | Started the Indian Specie Bank, Ltd. |
| | President, the Second Indian Industrial Conference, Calcutta. |
| | Elected President of the Bombay Municipal Corporation (Mayor) (20th April). |
| 1907 | Renominated member of the Bombay Legislative Council. |
| | Appointed member of the Indian Factory Labour Commission. |
| 1908 | Received the honour of Knighthood. |
| 1909 | Started the Bank of Baroda (20th January). |
| | Elected member of the Imperial Legislative Council. |
| | Death of mother Bai Nathibai. |
| | Nominated on the Bombay City Improvement Trust. |

1911 Started the Bombay Central (now, Provincial) Co-operative Bank (October).
Nominated on the Indian Titles Committee by the Government of India (March).
Nominated on the Cotton Mills Ventilation Enquiry Committee.
Nominated by the Bombay University on the Commercial Education Committee.
Nominated on the City Improvement Trust.

1912 Nominated by Government as Chairman of the Bombay Back Bay Reclamation Scheme Committee (13th November).
Nominated as a trustee of the Sir Sassoon David Trust Fund for Agricultural Training.
Death of wife, Lady Premkunver (5th December).

1913 Marriage with Lady Premlila (10th February).
Nominated on the Committee of Enquiry into Light and Ventilation in Bombay Houses.
Nominated on the Provincial Advisory Committee for Indian students proceeding to England.
Gave evidence before the Royal Commission on Indian Finance and Trade.
Gave evidence on Indian and Provincial Civil Service Commission.
Nominated on the City Improvement Trust.
Elected by the Bombay Millowners' Association on the Bombay Port Trust.
The Indian Specie Bank, Ltd., taken into liquidation (November).

1914 Death of intimate friend, Mr. Govindji Madhavji (25th May).
Tour of Southern India (December).

1915 Nominated on the City Improvement Trust.

1917 Gave evidence before the Industrial Commission, on behalf of the Indian Merchants' Chamber and Bureau, Bombay, (11th November).
Nominated member of the Regularisation of Coal Supply Committee.
Elected President of the Indian Merchants' Chamber and Bureau, Bombay.
Tour to Kashmir, (August to October).
Elected on the Bombay Port Trust.

1918 Voyage to Japan, United States of America and England (March to November).
Nominated on the Committee to sanction increase in Authorised Capital of Joint-Stock Companies.

Nominated on the Advisory Committee of the Controller of Cotton Cloth.

Nominated on the Committee for the selection of British merchants tendering for supply of stores and machinery.

1919 Gave evidence before the Babington Smith Currency Commission (30th October).

Started the Dwarka Cement Co., Ltd.

1921 Elected member of the Legislative Assembly.

Nominated Trustee of the Grant Medical College Endowments.

Nominated on the Committee to settle disputes of the Government of India Press Piece workers.

Gave evidence before the Indian Railway Committee (10th February.)

Nominated on the Public Accounts Committee of the Finance Department of the Government of India (27th March).

Nominated on the City Improvement Trust.

Nominated on the Bombay Port Trust.

1922 Gave evidence before the Fiscal Commission (22nd February).

Gave evidence before the Bombay Excise Committee (4th March).

Death (12th August).

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